



STUDY ON
NATIONAL COORDINATION MECHANISMS
FOR TRADE AND TRANSPORT FACILITATION
IN THE UNESCAP REGION



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ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
APEC	Asia Pacific Economic Cooperation
ARMPRO	National Trade and Transport Facilitation Committee of Armenia
ASEAN	Association of Southeast Asian Nations
AZERPRO	National Trade and Transport Facilitation Committee of Azerbaijan
CAREC	Central Asia Regional Economic Cooperation
CIS	Commonwealth of Independent States
EDI	Electronic Data Interchange
ESCWA	Economic and Social Commission for West Asia
EU	European Union
EUROPRO	Association of committees of simplified PROCedures for international trade within the EUROpean Community and the EUROpean Free Trade Association
GEOPRO	Georgian National Committee for the Facilitation of Procedures and Practices in Administration of Commerce and Transport
GMS	Greater Mekong Subregion
ICT	Information and Communication Technology
ISO	International Organization for Standardization
MCTPC	Ministry of Communication, Transport, Post and Construction, the Lao People's Democratic Republic
MONPRO	Mongolia Trade Facilitation Committee
NCTTF	National Committee for Trade and Transport Facilitation
NGO	Non-governmental organization
NTFC	National Transport Facilitation Committee
NTTCC	National Transit Transport Coordinating Committee
NTTFC	National Trade and Transport Facilitation Committee
OECD	Organization for Economic Cooperation and Development
SAARC	South Asian Association for Regional Cooperation
SECIPRO	Association of National PRO Committees in Southeast Europe
SITPRO	Simpler Trade Procedures Board
SPECA	UN Special Programme for the Economies of Central Asia
SWEPRO	Swedish Trade Procedures Council
TTFSE	Regional Programme of Trade and Transport Facilitation in Southeast Europe
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business

UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UN/EDIFACT	United Nations Electronic Data Interchange for Administration, Commerce and Transport
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNTDDED	United Nations Trade Data Elements Directory
WCO	World Customs Organization
WTO	World Trade Organization

EXECUTIVE SUMMARY

Facilitation of international trade and transport involves many government agencies and authorities as well as public and private entities. Efficient and effective coordination among all relevant government agencies and authorities, and good collaboration between the public and private sectors are crucial for the formulation and implementation of facilitation measures.

The aim of the study is to provide: (i) global and regional overviews of activities undertaken with regard to the national trade and transport facilitation coordination, and (ii) good practices in establishing new mechanisms and strengthening existing coordination mechanisms. Drawing on experience from different countries and on existing work of international and regional organizations, the study also proposes guidelines and recommendations for establishment or strengthening of national coordination mechanisms for trade and transport facilitation in the Asia-Pacific region.

The background to this study and the definitions and interactions of trade and transport facilitation are reviewed in Chapter 1.

The progress made by countries of the region in establishing national mechanisms to coordinate trade and transport facilitation is summarized in Chapter 2.

The experiences of countries in other regions in coordinating trade and transport facilitation, and the relevant recommendations by international organizations are provided in Chapters 3 and 4 respectively.

In view of the regional developments and experience in establishing and operating national coordination bodies for trade and transport facilitation, Chapter 5 assesses the rationale and options in the establishment and strengthening of coordination mechanisms for facilitation of international trade and transport.

Based on the findings of the study, Chapter 6 presents recommendations for selected application by member countries in accordance with their national conditions in the following areas:

- Purpose
- Form and role
- Organization, membership, direction/accountability, staffing and meeting frequency
- Functions
- Work programme
- Financing
- Coordination with other national trade and transport facilitation coordination mechanisms

1. INTRODUCTION

1.1 Background

International trade and transport play a vital role in the economic development of member countries in the globalized environment. However inadequate infrastructure and non-physical barriers challenge hinder progress in international trade and development. The non-physical barriers include complicated, lengthy and frequently changed procedures and documentation, requirements that differ between countries, duplicated inspections, high charges, and the need for transshipment at border control points. The non-physical barriers create high costs for trade transactions and delays for cross-border movement of traded goods. Not all these impediments can be addressed through the simple modification of documentation and procedures. Some may require adjustments to policies and legal regimes.

The removal of physical and non-physical barriers in international trade and transport requires the involvement of many government agencies. Customs clearance of trade consignments, performed by Customs officers at the border, constitutes only one process which must be completed in order to allow the passage of trade and trade-carrying vehicles across borders. Others can include: inspections of driver passports and visas by the border police and/or immigration officials; inspections of vehicles and drivers licenses by transport and/or police officials in order to ensure compliance with national transport regulations; and agricultural, veterinary and public health inspections carried out by officials of the relevant government agencies to ensure compliance with national quarantine and public health regulations.

Administrative processes at borders can include up to 20 separate procedures required by up to eight separate government authorities which must be completed before cargo-carrying vehicles and transport-operating staff can move across national frontiers as shown in Table 1.1. In addition, national borders are increasingly becoming the location for trade and transport activities mostly undertaken by the private sector, such as the storage, transshipment and consolidation or deconsolidation of cargo, as well as international banking, insurance and other trade service activities.

Efficient and effective coordination and cooperation among all the relevant agencies through proper inter-agency coordination institutions are crucial for facilitation of international trade and transport.

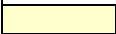




The Almaty Programme of Action¹ recommended that landlocked and transit developing countries should consider establishing, where appropriate, and/or strengthening existing national trade and transport boards or committees involving all major stakeholders, including the private sector.

The Commission, at its fifty-ninth session, held in Bangkok in 2003, expressed support for the framework of recommendations and the action plan on transit transport issues in landlocked and transit developing countries, which include the provision of information on and analysis of examples of best practices in the

¹ Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries, adopted at the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation held at Almaty, Kazakhstan, on 28 and 29 August 2003.

Table 1.1: List of possible border checks relating to international road freight transport

Checks on:		
<i>Transported cargo</i>	<i>Vehicles</i>	<i>Drivers</i>
1. Check on trade documentation: <ul style="list-style-type: none"> • <i>Waybill/Bill of Lading</i> • <i>Invoices</i> • <i>Packing lists</i> • <i>Certificates of Origin</i> • <i>Letters of Credit</i> • <i>Import licenses</i> • <i>Export permits</i> 	1. Fuel tax assessment: Check quantity of fuel in tank vs. quantity which is allowed free into the country	1. Passport and visa
2. Physical inspection of cargo	2. Vehicle tax, road charge, or transit fee	2. Customs inspection
3. Quarantine (agriculture and veterinary)/health inspection	3. Compulsory vehicle insurance	3. Quarantine (agriculture and veterinary)/health inspection
4. Collection of statistical data	4. Transport authorization (bilateral, transit, third country, multilateral)	4. Driver license
	5. Payments for special transport permits	5. Inspection re driving time and rest period requirements
	6. Weights and dimensions	
	7. Vehicle certificate	
	8. Vehicle roadworthiness	
	9. Customs security of vehicles (including check on Customs seals affixed to vehicles or containers)	
	10. Quarantine (agriculture and veterinary)/health inspection	
	11. Collection of statistical data	

Legend	
	Responsible authority
	<i>Customs authority</i>
	<i>Transport (and possibly Police) authority</i>
	<i>Combined Customs/Transport responsibility</i>
	<i>Border Police and/or Immigration authority</i>
	<i>Agriculture/Veterinary/Public Health authorities</i>

- Sources:
1. Molnar and Ajala, *Transport and Trade Facilitation Issues in the CIS 7, Kazakhstan and Turkmenistan*, World Bank paper prepared for Lucerne Conference on the CIS-7 Initiative, 20-22 January 2003.
 2. Lakshmanan et al., *Integration of Transport and Trade Facilitation – Selected Regional Case Studies*, World Bank, Washington DC, January 2001

establishment and operation of trade and transport facilitation committees with the support of advisory services.

Many regional countries are yet to establish such inter-agency mechanisms. Some countries have made progress in improving cooperation among government authorities to provide coordinated controls at borders, streamline and harmonize documentation, simplify formalities and procedures and improve border-crossing facilities. These measures however are not sufficient to meet the increasing demand for greater facilitation of international trade and transport.

1.2 Purpose of the study

The secretariat has undertaken this study on national coordination mechanisms for trade and transport facilitation. In order to assist countries in establishing or strengthening coordination mechanisms that would lead to greater coordination between government agencies and between government agencies and the private sector.

The study provides:

- (i) A global and regional overview of activities undertaken with regard to the national trade and transport facilitation coordination mechanisms;
- (ii) Good practices in establishing new and strengthening existing coordination mechanisms; and
- (iii) Recommendations for establishing or strengthening national coordination mechanisms for trade and transport facilitation in the Asia-Pacific region.

The study is part of the project “Institutional Capacity Building for International Trade in Landlocked and Transit Countries” financed by the Government of the Netherlands. The main objective of this project is to help landlocked and transit countries reduce, and where possible, eliminate the non-physical barriers to international trade and transport. Apart from this study, the following outputs are developed under the project.

- The application of the UNESCAP Trade Facilitation Framework and the Time/Cost - Distance Model to assist countries in identifying, assessing and reducing bottlenecks in international trade and transport;
- Analysis and guidelines on harmonization of legal regimes on trade and transport facilitation;
- Guidelines on the use of interoperable information and communication technology (ICT) in simplifying and streamlining border crossing formalities and procedures; and
- On-line data base on trade and transport facilitation conditions of selected landlocked and transit developing countries.

1.3 Definitions and interaction of trade and transport facilitation

The term “facilitation” implies a notion of “making easier”. Although there is no internationally agreed definition for trade and transport facilitation, most definitions stress simplification and harmonization of procedures and documentation for international trade and transport².

The activities and processes to facilitate trade and transport vary from region to region and from country to country depending on prevailing circumstances in trade and transport in a region or a country. In the case of UNESCAP developing member countries, insufficient infrastructure can be the major reason for delays in the flow of cross-border trade and transport. In parallel with the difficulties in infrastructure, there are also a range of non-physical difficulties, such as lack of policy support, denial of access to foreign vehicles and drivers, incompatibilities between the vehicle weights and dimensions allowable in neighbouring countries, imposing the need for cargo transshipment at the border, complicated and duplicated procedures and documentation, differences of documents in different countries, long processing time of documents, high charges, lack of new technological tools and insufficient training of both control officers and business operators.

In most countries of the UNESCAP region, major activities and processes for trade and transport facilitation can be adjustments to policy, development of infrastructure, opening of border crossings and national routes, simplification and harmonization of procedures and documentation, use of new technologies and capacity building.

In light of the challenges facing the UNESCAP developing member countries, Trade and Transport Facilitation may be broadly described as the sum of all activities and processes needed to ease the flow of traded commodities, passengers and vehicles across borders.

Trade facilitation and transport facilitation are inter-related and partly overlap. Theoretically, “trade facilitation” deals with a set of processes and activities which must be completed in order to allow the export /import of trade consignments, while “transport facilitation” deals with the set of processes and activities which must be completed before and during the process of movement of cargo and people as illustrated in Figure 1.1.

Nevertheless, collaboration and coordination between trade facilitation and transport facilitation can strengthen both trade and transport sectors and avoid duplicated efforts in facilitation.

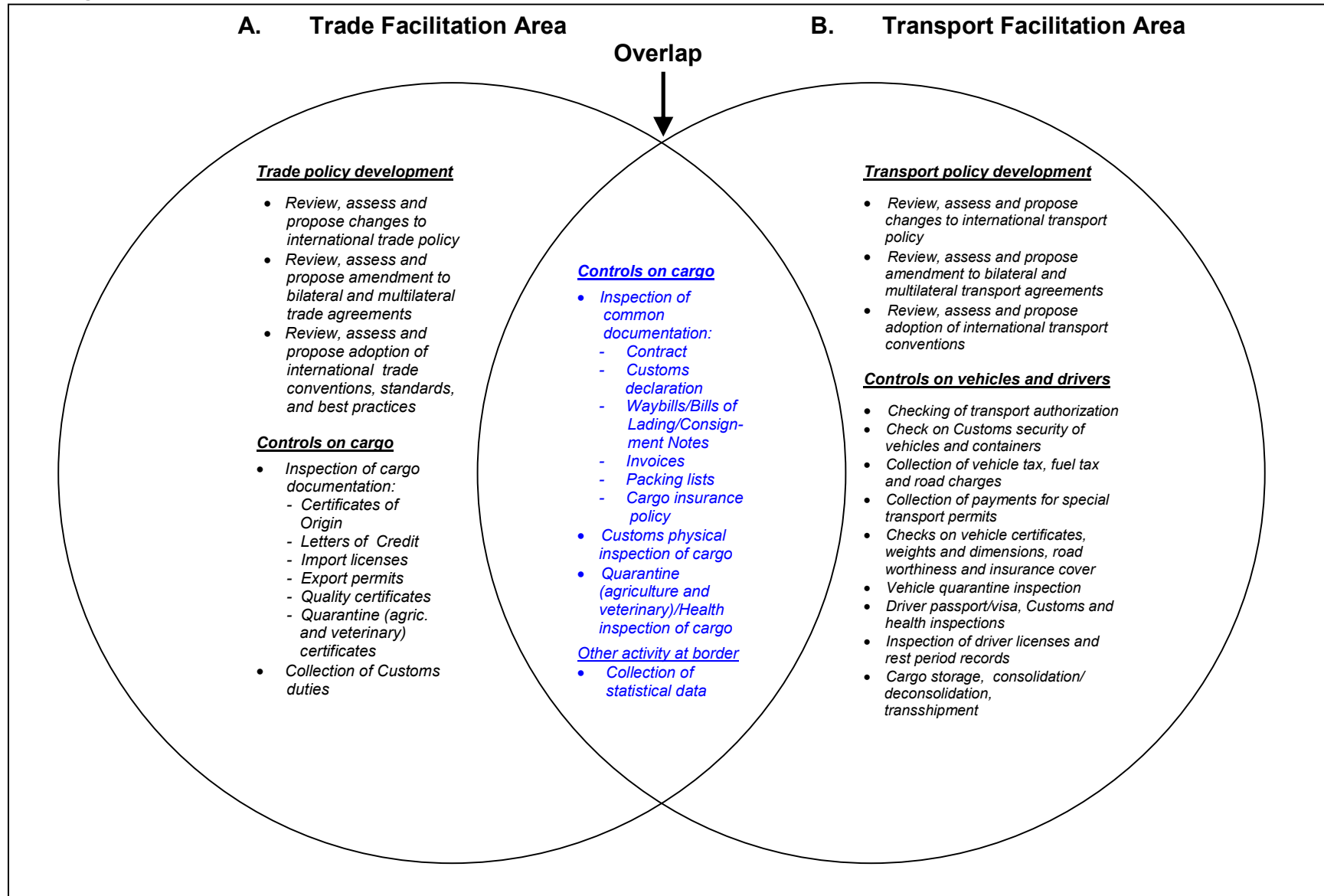
² Several international and regional organizations have come up with their definitions on trade facilitation such as:

Organization for Economic Cooperation and Development (OECD): “Simplification and standardization of procedures and associated information flows required to move goods internationally from seller to buyer and to pass payments in the other direction”.

United Nations Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT): “The simplification, standardization and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payment.”

Asia Pacific Economic Cooperation (APEC): “Trade facilitation generally refers to the simplification, harmonization, use of new technologies, and other measures to address procedural and administrative impediments to trade”.

Figure 1.1: Interaction of Trade and Transport Facilitation



2. SUBREGIONAL PROGRESS IN NATIONAL COORDINATION FOR TRADE AND TRANSPORT FACILITATION IN THE UNESCAP REGION

Within the past five years, some progress has been made by countries of the UNESCAP region in the establishment of national mechanisms for the coordination of trade and transport facilitation initiatives. In most cases, these mechanisms have taken the following forms:

- Joint trade and transport facilitation bodies;
- Transport facilitation bodies;
- Transport coordination body for a specific projects; and
- Meetings for coordination of specific initiatives.

These mechanisms have a common representation of members from:

- The government sector, including ministries or agencies responsible for policy formulation, for negotiation of multilateral and bilateral agreements, and for border controls;
- The business sector, including shippers (importers and exporters), trade service providers and transport operators.

The following sub-sections describe the subregional progress that has been made in the establishment of trade and transport facilitation coordination mechanisms in the UNESCAP region, i.e., Central, East and South Asia, and the Southern Caucasus and South East Asia. Where such mechanisms have been established, their objectives, functions, organizational structures, financing, activities, achievements and problems are described as fully as it was possible to do, given information limitations.

2.1 Central Asia and the South Caucasus

Three countries of Central Asia (Kazakhstan, Kyrgyzstan and Tajikistan), as well as the three countries of the South Caucasus (Armenia, Azerbaijan and Georgia) have established mechanisms for coordinating the facilitation of trade and/or transport. However, the form, objectives, functions and effectiveness of the mechanisms tend to vary from one country to another.

2.1.1 Kazakhstan and Tajikistan

In Kazakhstan and Tajikistan, coordination mechanisms take the form of an inter-ministry commission for transport in which the dominant role is played by the national Governments. The commissions in Kazakhstan and Tajikistan were set up in 1998 and 2001 respectively.

In both countries, these commissions are understood to be led by the ministry for transport and with representation from other government agencies with responsibility for the regulations of cross-border transport and from logistics providers and transport services. It is further understood that these commissions have a primary

focus on the policy issues associated with cross-border transport, rather than on the operational problems associated with formalities for border crossing.

The authority of these commissions to take effective action is reinforced by the fact that they are chaired by persons at high levels of Government. The commissions are chaired either by the Deputy Minister of Transport and Communications in case of Kazakhstan and by the Deputy Prime Minister in the case of Tajikistan.

The commission in Kazakhstan has organized four sessions during the period from 1998 to 2006 and discussed important issues on cross-border transport. The commission in Tajikistan has organized one meeting since its establishment in 2002.

2.1.2 Kyrgyzstan

In Kyrgyzstan, separate mechanisms exist, under the overall control of different ministries of state, for the purpose of coordinating the facilitation of trade and cross-border transport. Trade facilitation is coordinated directly by the Ministry of Industry, Trade and Tourism, while cross-border transport facilitation is coordinated by a multi-agency committee led by Ministry of Transport and Communications. The two ministries are working towards the establishment of a joint trade and transport facilitation committee.

(a) Trade Facilitation

With a direct reporting line to the Government, the Ministry of Industry, Trade and Tourism has exclusive authority for the facilitation of the trade between Kyrgyzstan and the rest of the world.

Its main trade facilitation functions have been identified as:

- Monitoring and regulation of the operation of international trade in general;
- Monitoring and regulation of the operation of specific bilateral and multilateral agreements relating to international trade. Three types of agreement were identified: bilateral agreements for trade and economic cooperation; the multilateral agreement of the World Trade Organization (WTO); and the regional free trade agreements;
- Coordination of activities of other ministries or agencies involved in trade regulation;
- Promotion of common economic policy and an improvement in the investment climate;
- Development of the industrial sector; and
- Development of the foreign economic activities as a member of the WTO.

In support of its trade facilitation functions, the Ministry is involved in the following major activities:

- Realization of external economic and trade policy;
- Development of programmes for the regional economic integration with other States of the Commonwealth of Independent States (CIS);

- Suggestions for the harmonization of external trade activities in accordance with the WTO rules and commitments to other regional partners; and
- Signing of international trade agreements and supervision of the implementation of these agreements.

The trade facilitation functions and activities of the Ministry are financed from its general budget provided by the Government.

Cooperative links between the trade facilitation functions and activities of Kyrgyzstan and those of neighbouring countries are provided through the operation of the Intergovernmental Commission for the Central Asian Republics, and through bilateral and multilateral trade negotiation channels.

(b) Transport Facilitation

Transport facilitation is coordinated by the Working Group on Implementation of Almaty Programme of Action, which was set up in 2005. The working group is led by the Ministry of Transport and Communications with participation of the Ministry of Foreign Affairs; Ministry of Industry, Trade and Tourism; Ministry for Frontier Control; the State Customs Committee; departments for road management and transport, and border services. It is chaired by the Minister of Transport and Communications.

The principal function of the working group is to develop a national action plan for implementation of the Almaty Programme of Action. Its members meet at least once a year.

The two ministries for trade and transport are working together to establish a joint trade and transport facilitation committee.

2.1.3 Armenia, Azerbaijan and Georgia

The three countries of the South Caucasus have recently benefited from the financial and technical assistance of the World Bank in establishing public-private, or “*Pro*” (for “Procedures”) committees to coordinate policies and actions for trade and transport facilitation. Pro committees were established in Armenia in April 2002, in Azerbaijan in October 2004 and in Georgia in May 2003.

The underlying concept, objectives, organization, and activities of these committees that conform to a standard pattern are described in the following sub-sections.

(a) Concept

The Pro committees established in Armenia, Azerbaijan and Georgia, named respectively ARMPRO (National Trade and Transport Facilitation Committee of Armenia), AZERPRO (National Trade and Transport Facilitation Committee of Azerbaijan) and GEOPRO (Georgian National Committee for the Facilitation of Procedures and Practices in Administration of Commerce and Transport) were modelled on Recommendation 4 on National Trade Facilitation Bodies, adopted by the UN/CEFACT³ at its fifth session in March 1999. The essence of the original

³ United Nations Centre for Trade Facilitation and Electronic Business (which in 1997 replaced the Economic Commission for Europe (UNECE) Working Party on Facilitation of International Trade Procedures).

recommendation was "...that Governments establish and support national trade facilitation bodies with balanced private and public sector participation, in order to:

- *Improve dialogue between different bodies involved in trade and international transport;*
- *Define solutions to remove impediments to trade and transport at operational level;*
- *Identify issues affecting the cost and efficiency of their country's international trade;*
- *Develop measures to reduce the cost and improve the efficiency of international trade;*
- *Assist in the implementation of those measures;*
- *Provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation; and*
- *Participate in international efforts to improve trade facilitation and efficiency.*⁴

(b) Objectives

Objectives for all three committees were drawn from the broad goals listed in Recommendation 4 on National Trade Facilitation Bodies. For example, the objectives defined in ARMPRO's Mission Statement are:

- *To play an active facilitating and coordinating role with Government, state and private organizations, the non-governmental organizations (NGO) and industry associations in the elimination of barriers to international and regional trade and business development;*
- *To promote compliance of Armenian trade and transport procedures with international standards;*
- *To harmonize Armenian trade and transport procedures with internationally accepted norms and to promote harmonization of trade and transport in the South Caucasus;*
- *To promote issues raised by the trade and transport community and channel them through professional NGO's and industry associations to relevant local, regional and international authorities; and*
- *To provide professional advice, clarification and description of specific trade and transport legislation, regulations and procedures to professional NGO's and industry associations.*⁵

The primary objectives of these committees are focused on the operational level (to identify and devise solutions to border crossing problems, as well as to follow up implementation of these solutions).

(c) Functions

⁴ UNECE, *National Trade Facilitation Bodies*, Geneva, October 2001.

⁵ Armenian Trade and Transport Facilitation Committee, *Annual Report 2003*.

The Pro Committees have developed detailed work programmes. The work programmes relate to a set of functions which support the achievement of the committee's objectives. These functions include:

- Identification and monitoring of international trade and transport issues;
- Recommendations on the streamlining of Customs and other border crossing procedures;
- Recommendations on actions to achieve greater transparency in border crossing procedures;
- Improvement of training for road transport operators, forwarders and traders;
- Exchange of regional /international experience; and
- Development of quality standards for trade and transport functions (including standards for dwell time at borders)⁶.

(d) Organization

Committees in all three countries have been established as joint public/private partnership bodies with wide representation from each sector. For example, in Armenia the committee comprises 14 members. Of these members:

- Five represent government agencies, including the Ministries of Trade and Economic Development and Transport and Communications;
- Six represent private sector organizations, including the Union of Armenian Manufacturers and Businessmen, the Association of Armenian Freight Forwarders and the Association of International Road Carriers of Armenia;
- One represents an NGO (Transparency International Centre for Regional Development); and
- Two are representatives of the World Bank (which provides technical and financial support to the committee).

The committee is chaired by a senior government official who is a member of the State Committee on Protection of Economic Competition, while the Vice Chairperson is a representative of the Union of Armenian Manufacturers and Businessmen.

In Azerbaijan, the committee includes 22 members from nine government agencies (National TRACECA Commission; ministries of transport, foreign affairs, economic development, health, agriculture; Customs; border control; special unit) and business sector (associations of road carriers and freight forwarders). It is headed by the Secretary of the National TRACECA Commission).

A similar organization structure applies to GEOPRO. In this case, the committee membership is drawn from five state agencies (the Ministries of Economy, Trade and Industry, and Finance, the State Customs Department, and the State Chancellery)

⁶ ARMPRO website, www.amcham.am/ARMPRO.htm.

and from a single organization representing the private sector trading and trade service community (the Georgian Business Confederation).

The committee executive is drawn from high echelons of the state and private sectors, the chairperson being the Minister of Economy, Trade and Industry, and the vice chairperson, the President of the Georgian Business Confederation.

(e) Activities and Initiatives

ARMPRO provided details of its activities in 2003 in an annual report⁷. These activities included:

- *Establishment of regional website “Trade and Transport in South Caucasus”.* This initiative was supported by the World Bank and was subsequently extended to the other South Caucasian countries. It involves dissemination of information on country macroeconomic and business conditions, locations of Customs offices and checkpoints, Customs formalities, duty rates, tax data, transit issues, roads, export standards and certification requirements and business directory details;
- *Review of, and recommendations on, accession to international conventions.* Some 55 conventions were reviewed and a shortlist of nine recommended to the Government for early accession.
- *Recommendations on reform of licensing procedures for Customs brokers.* The past practice whereby Customs brokers are licensed by Customs officials, often through verbal examinations in addition to a written examination, was considered to pose a risk of future conflicts of interest in the relationships between brokers and officials. Action on a recommendation to transfer licensing to an independent authority is pending, but verbal examinations for Customs brokers have now been abolished in response to the ARMPRO recommendation;
- *Review and recommendation of measures to coordinate border formalities through application of “Single Window” concept.* ARMPRO recommendations to coordinate border formalities for Customs, certification and standardization, public health and environmental protection functions through application of the Single Window principle were accepted and ARMPRO is now preparing operational guidelines for the new system;
- *Cooperation with GEOPRO to seek removal of security service escort of vehicles in Georgia.* After consultation with freight forwarders and trucking companies it was considered that the practice by Georgian security officials to escort and provide protection for Armenian trucks through the territory of Georgia was unnecessary and should be discontinued. A joint declaration by ARMPRO and GEOPRO urging this action was submitted to the Government of Georgia;
- *Review of deficiencies in the issue of preferential permits for transit of Armenian and foreign vehicles.* Problems in the form of excessive delays and unclear rules in the issue of permits for the preferential transit of

⁷ Annual Report 2003 of Armenian Trade and Transport Facilitation Committee.

Armenian vehicles through foreign territory and of foreign vehicles through Armenian territory were resolved through discussions between ARMPRO and the Ministry of Transport and Communications.

- *Resolving impediments of ferry transportation through Ukraine.* ARMPRO has been actively involved in seeking negotiations between high level authorities of Armenia and Ukraine, to reduce the high cost of ferry transport between the ports of Batumi in Georgia and Ilyichevsk in Ukraine.

AZERPRO, since its establishment in November 2004, held quarterly meetings with the participation of senior experts on transport, economics, Customs, border control, agriculture, health and Directors of the projects entitled “Harmonization of Border Crossing Rules” and “Common Legal Framework for Transit Shipments”.

Participants held a detailed discussion of the International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention) and its recent updates, and were presented with an initial study on methods and principles for streamlining the border crossing process in international transit, in particular, through the possible use of “One Stop” and “Single Window” concepts at border and Customs checkpoints of Azerbaijan.

The meetings discussed a wide-range of issues relating to Customs and border control and also the harmonization of border crossing rules with Georgia. At its meetings in 2005, AZERPRO studied the draft Transit Strategy until 2015 prepared by the national working group.

Proposals were formulated on Customs and border rules for road transit at a railway border crossing, including the extension of existing border and Customs checkpoints and introduction of separate lanes for loaded heavy trucks, empty trucks, buses, and passenger cars, and the construction of a pedestrian bridge across the nearby river. Participants mentioned the need for the purchase and installation of modern equipment, fast track monitoring of freight transit, better communication facilities (optical fibre cables, satellite communication etc.) and for different kinds of relevant training.

These proposals had been submitted to the Cabinet and circulated among respective ministries and committees for consideration and approval.

2.2 South Asia

Some countries of South Asia have established mechanisms for the coordination of policies and actions for trade and transport facilitation. Nepal and Pakistan coordinate their trade and transport facilitation activities through committees. Other countries coordinate specific initiatives through meetings. The following sub-sections describe the approach being taken to coordination of trade and transport facilitation in Nepal and Pakistan.

2.2.1 Nepal

Nepal coordinates the facilitation of cross border trade and transport through a National Trade and Transport Facilitation Committee (NTTFC) which has been in

operation since June 1997. The purpose/main functions, organization and achievements of this committee are described below.

(a) Purpose/main functions

The purpose and main functions of the committee were identified as:

- Monitoring and regulation of international trade and transport in general;
- Provision of policy advice for the facilitation of international transport;
- Monitoring of activities of border crossing authorities at individual border checkpoints;
- Monitoring of the operation of specific bilateral and multilateral agreements relating to international trade and transport; and
- Monitoring and regulation of the implementation of specific projects.

The committee is accountable to the Minister of Industry, Commerce and Supply. It has no executive power, but makes recommendations to the responsible ministries on actions to solve trade and transport problems.

(b) Organization

The committee is chaired by the Secretary of the Ministry of Industry, Commerce and Supply and has 16 other members, of whom:

- Six represent other government agencies (including the Ministry of Finance, the Ministry of Labour and Transport Management, the Central Bank and the Department of Customs);
- Six represent chambers of commerce or shipper organizations (e.g. Carpet Industries Association, Handicraft Association, etc.);
- Two represent trade service and transport enterprises (specifically the Freight Forwarders' Association and the Nepal Goods Carriers' Association); and
- Two represent the private banking and insurance industries.

Without exception, members of the committee have been drawn from the most senior ranks of the represented organizations. For example, the Customs Department representative is the Director-General of Customs, the shippers' organizations are represented by their presidents, etc.

The activities of the committee have been defined in general terms as the provision of "support in resolving the problems faced by the trade and transport sectors." The operation of the committee is funded out of the regular budget of the Ministry of Industry, Commerce and Supply.

(c) Achievements

The committee was instrumental in the adoption by the Government of three significant pieces of transport legislation: the Multimodal Transport Act, the Railway Act, and the Goods Carriage by Road Act.

2.2.2 Pakistan

Pakistan has a NTTFC, which was established in April 2001. Since its establishment, the work of the committee appears to have been focused on the improvement of the regulatory and administrative procedures for trade and transport through the country's seaport and airport systems.

The purpose/main functions, organization, activities and achievements of this committee are described in the following sub-sections.

a) Purpose/main functions

The terms of reference for the NTTFC were identified in the questionnaire response submitted for Pakistan as:

- Providing policy advice for the facilitation of trade and transport;
- Monitoring and regulating the implementation of specific projects (at present the Ministry of Commerce with support from the NTTFC is executing a trade and transport facilitation project under the sponsorship of the United Nations Conference on Trade and Development (UNCTAD) and the World Bank);
- Continuously reviewing the trade and transport procedures and system, with a view to their further simplification and harmonization;
- Coordinating the efforts of the relevant organizations in the facilitation of international trade and transport;
- Collecting and disseminating information on international trade and transport formalities, procedures, documentation and related matters;
- Pursuing the simplification and alignment of trade and transport documents on the basis of the United Nations Layout Key for Trade Documents, including documents designed for the use in computer and other automated systems; and
- Promoting the adoption of standard trade and transport terminology and international codes for trade and transport.

b) Organization

The committee is accountable to the Ministry of Commerce and is chaired by the Secretary of this Ministry.

The committee has been provided with a permanent secretariat headed by an executive secretary.

In addition to the chairperson and executive secretary, the committee has 25 other members, of whom:

- Seven represent government agencies (specifically the Ministry of Commerce, the Ministry of Communications, the Ministry of Finance, the Ministry of Planning and Development, the Central Board of Revenue, the State Bank, the Small and Medium Enterprises Development Authority);

- Five represent chambers of commerce or shipper organizations;
- Nine represent transport organizations (including the port authorities, the National Shipping Corporation, the Pakistan Railways, the Goods Carriage associations, the dry port operators and Pakistan International Airlines);
- Two represent freight forwarders and other trade service providers; and
- Two represent the private banking and insurance industries.

The operation of the committee was originally funded in part by the World Bank (through its financial support of the Trade and Transport Facilitation Project) and in part by private sector contributions (from the Pakistan Shippers' Council and the Federation of Pakistan Chambers of Commerce and Industry). It is now being funded through a grant from the Export Development Fund.

c) Activities

To date, the main work of the NTTFC has been focused on support for the Trade and Transport Facilitation Project, assisted by UNCTAD and financed by the World Bank. The outputs of this project are:

- Introduction of a single administrative document
- Formulation and/or modernization of transport legislation;
- Drafting of standard terms and conditions for the carriage of goods;
- Modernization of freight forwarders;
- Modernization of marine transport insurance provisions;
- Streamlining of financial and banking provisions; and
- Advice on accession to international conventions related to Customs, transport and trade.

Periodic reports on progress made in relation to these activities are submitted to the Minister of Commerce.

d) Achievements

Work on the Trade and Transport Facilitation Project is substantially complete.

2.3 Southeast Asia

The establishment of national facilitation coordination mechanisms in South East Asia is promoted by the ASEAN Framework Agreement on the Facilitation of Goods in Transit, 1998 (ASEAN Transit Transport Agreement)⁹, and the Agreement for Facilitation of Cross-border Transport of Goods and People in the Greater Mekong Subregion, 1999 (GMS Cross-border Transport Agreement).

⁹ Association of Southeast Asian Nations, website of the ASEAN Secretariat: www.aseansec.org.

2.3.1 ASEAN Transit Transport Agreement

ASEAN has introduced transit transport facilitation mechanisms as a requirement for member countries under the ASEAN Transit Transport Agreement. This framework agreement has three main objectives:

- (i) To facilitate transportation of goods in transit, to support the implementation of the ASEAN Free Trade Area, and to further integrate the region's economies;
- (ii) To simplify and harmonize transport, trade and Customs regulations and requirements for the purpose of facilitation of goods in transit; and
- (iii) To establish an effective, efficient, integrated, and harmonized transit transport system in ASEAN.

Nine protocols are associated with this agreement, including those dealing with:

- The designation of transit transport routes, facilities and frontier posts; specification of the types, quantities and technical requirements of road vehicles;
- Specification of requirements for a standardized system of compulsory third party motor vehicle insurance;
- Designation of railway border and interchange stations; specification of a harmonized Customs transit system; and
- Specification of sanitary and phytosanitary measures and requirements for carriage of dangerous goods.

A requirement of the Framework Agreement (at Article 29) is that each member country must establish a National Transit Transport Coordinating Committee (NTTCC) "for the effective and efficient coordination and implementation of this agreement." A further requirement of the agreement is that a Transit Transport Coordinating Board be established for the purpose of overseeing, at the subregional level, the overall coordination and implementation of the provisions of the agreement. This board comprises one senior official from each ASEAN member country and a representative from the ASEAN secretariat. It has the potential benefit of establishing linkages between the activities and work programmes of individual national transit transport coordinating committees.

2.3.2 GMS Cross-Border Transport Agreement

The GMS Cross-Border Transport Agreement was formulated as part of a technical assistance project sponsored by the Asian Development Bank (ADB). It is intended to provide a multilateral instrument for the facilitation of the cross-border transport of goods and people within the GMS, comprising the territories of Cambodia, China, Lao PDR, Myanmar, Thailand and Viet Nam. Application of the Agreement was initiated with the signature by the Lao PDR, Thailand and Viet Nam of a trilateral agreement in November 1999. The Agreement has now been signed by all six participating countries.

¹⁴ SITPRO Ltd website: www.sitpro.org.uk.

In its 20 associated Annexes and Protocols, the GMS Cross-Border Transport Agreement specifies:

- Single-stop/single-window inspection;
- Cross-border movement of persons;
- Customs transit regimes;
- Requirements for operators, vehicle registration and drivers;
- Commodity classification system;
- Charges concerning transit traffic;
- Routes and border crossings;
- Exchange of commercial traffic rights;
- Infrastructure, including road and bridge design standards, road signs and signals;
- Carriage of dangerous and perishable goods; and
- Multimodal transport.

The Agreement will apply to selected and mutually agreed routes and points of entry and exit in the signatory countries. The annexes and protocols associated with the Agreement have been signed.

The Agreement (at Article 28) requires each participating country to establish a permanent National Transport Facilitation Committee (NTFC) chaired by a Minister or Vice Minister or its equivalent, which brings together representatives of all parties concerned with the implementation of the Agreement. It also requires (at Article 29) the formation of a Joint Committee with representation from the respective NTFC's. The Joint Committee will monitor and assess the functioning of the Agreement and serve as a platform for discussion, a forum for amicable settlement of disputes, and to provide advice to the Governments and formulate proposals for amendment to the Agreement. The Joint Committee has met two times.

2.3.3 Trade/transport facilitation bodies in selected Southeast Asian countries

NTTCC's has been established in Cambodia, Thailand and Viet Nam to comply with the requirements of the ASEAN Transit Transport Agreement. Some countries in the GMS have either used the NTTCC as a mechanism to coordinate the GMS Cross-Border Transport Agreement or transform them into the NTFC's as required by the GMS Cross-border Transport Agreement.

(i) Cambodia and Viet Nam

The NTTCC of Cambodia, chaired by a Director-General of the Ministry of Public Works and Transport, has 11 other members, all of whom represent government agencies, including the Ministries of Foreign Affairs, Commerce, Interior, Finance and the Economy, Agriculture, Health and Tourism, the Customs and Civil Aviation Departments, the Central Bank and the National Insurance Company.

The facilitation coordinating mechanism in Viet Nam is known as the “Viet Nam Cross Border Transport Coordinating Board.” It is chaired by the Deputy Minister of Transport and comprises 20 other members, all but two of whom represent government agencies. The two private sector members are the Secretary General of the Viet Nam Automobile Transportation Association and the Vice-Chairman of the Freight Forwarding Association of Viet Nam. Government agencies represented on the board include: the Ministries of Transport, Trade, Defence, Foreign Affairs, Finance, Public Security, Agriculture and Rural Development; the Customs Department; the Viet Nam Road Administration; the Viet Nam Maritime Bureau; the International Relations Department; and the National Committee for International Economic Cooperation.

In response to the requirement of the GMS Cross-Border Transport Agreement, the two countries established the NTFC's.

(ii) Lao PDR

The Lao PDR NTFC was established in April 1997. It was changed to the National Transport Committee in January 2002 to serve as a coordination body and a focal point for the resolution of all problems related to international transport. The details of this committee are given below.

(a) Purpose/main functions

While the committee's main purpose is to resolve problems related to transport facilitation, increasingly it is becoming involved in issues which cross the boundary between trade and transport facilitation, including the provision of advice to the Government on accession to international trade and transit conventions. The main functions of the committee have been identified as follows:

- Studying Government policy and strategy to ensure proper coordination of transport facilitation, involving all modes;
- Coordinating and implementing all ASEAN agreements and activities;
- Monitoring and implementing the GMS Cross-border Transport Agreement;
- Studying, reviewing and proposing for accession to all relevant international conventions;
- Encouraging the adoption of modern management practices and new technology by transport operators;
- Collecting and distributing to the trading community updated information on international trade and transport formalities, procedures and regulations;
- Providing information to the transport sector on the minimum technical standards required for safe operation of vehicles in cross-border transport;
- Studying, examining and applying simplified and harmonized documentation as recommended by the United Nations and other international organizations;

- Coordinating the delivery of training workshops on international transport facilitation measures and the application of multi-modal transport to senior transport administrators, policy makers, and transport operators;
- Providing advice to transport operators on the introduction of Electronic Data Interchange (EDI) and United Nations/Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT); and
- Cooperating with the NTFC's of other ASEAN/GMS member countries to develop a common approach to the specification of rules, regulations, standardized documentation, vehicle inspection requirements, and formulation of tariff structures for border-crossing traffic.

(b) Organization

A National Transport Committee of 12 members is accountable to the Ministry of Communication, Transport, Post and Construction (MCTPC). Three of these members represent the private sector in the form of the Lao National Chamber of Commerce and Industry, the Lao Insurance Company and the Lao Freight Forwarders Association. The other 9 members represent government agencies, including the MCTPC, the Ministries of Commerce, Foreign Affairs, Finance (Customs Department), and Security, in addition to the State Committee for Planning and Cooperation.

The committee is chaired by the Vice-Minister of CTPC and has two vice-chairmen, representing the Ministry of Commerce and the MCTPC.

The committee is supported by a secretariat drawn from the MCTPC and headed by the Director-General of the Transport Department of the MCTPC.

(c) Activities

The Committee has developed a work plan, comprising the following activities:

- Translation into the Lao language of the conventions of relevance to international transport, as a basis for the Government's consideration of accession;
- Field visits to the main border checkpoints for the purpose of viewing border crossing performance;
- Coordination with member organizations of the National Transport Committee to identify major border crossing problems and bottlenecks;
- Interview of transport operators to identify problems with border crossing procedures and delays;
- Assessment of transport operator opinions on the possibility of creating a transport federation to represent the interests of operators from all modes involved in international transport;
- Assessment of the options for improvement of existing transport licensing laws;
- Exchange visits with the NTFC's of other ASEAN/GMS countries in order to develop a common approach to the coordination of initiatives for transport facilitation; and

- Participation in all transport-related national and international meetings for the exchange of information about improvement of transport sector performance.

(d) Achievements

In March 2004, the prohibition on the operation of Laotian trucks in Thailand was removed after many years in which the haulage of Laotian transit trade was monopolized by just five Thai truck operators. Under a new bilateral transit agreement with Thailand cargo haulage has been opened up to all transport operators on both sides of the border. This initiative, coupled with the simplification of documentation and joint Customs inspection by both sides, was estimated to have resulted in a reduction of 20 per cent in transit transport costs.

A bilateral agreement was recently concluded with Viet Nam for the use of Vung Ang deep sea port and negotiations for the implementation of this agreement have been finalized.

The committee has been used as a focal point to coordinate the positions of the Lao PDR in the negotiation of the GMS Cross-border Transport Agreement. It also serves as a focal point for international assistance in transport facilitation. It has organized many seminars, workshops and studies with international organizations and international financial institutions.

(iii) Thailand

The NTTCC of Thailand was established in May 2001 and is accountable to the Ministry of Transport, but with a requirement also to report to the ASEAN Transit Transport Coordinating Board. Details of the main functions, organization, activities and achievements of this committee are given below.

(a) Purpose/main functions

The main function of the committee was identified as the monitoring and regulation of the operation of the ASEAN Transit Transport Agreement.

(b) Organization

The committee consists of 13 members and is chaired by the Permanent Secretary of the Ministry of Transport. One member (the representative of the Thai Chamber of Commerce) represents the private sector. The other 12 members represent six government agencies, including:

- Seven from the Ministry of Transport and its associated agencies (such as the Department of Land Transport);
- One each from the Ministries of Foreign Affairs and Commerce, the Customs Department, the Royal Thai Police, and the Immigration Bureau.

Its work programme is funded from the Government's regular budget.

(c) Activities

The major activities of the committee were identified as:

- Monitoring and assessment of the need for amendment to laws and regulations with a view to improving border control process and reducing the cost of international trade transport;
- Preparation of reports for the ASEAN Transit Transport Coordinating Board;
- Management of the numbers of transit vehicles in accordance with the ASEAN Transit Transport Agreement;
- Cooperation with the NTTCC's of other ASEAN countries for the joint resolution of problems related to international trade and transport facilitation; and
- Implementation of any initiatives to improve the flow of goods and transport across international borders.

(d) Achievements

Signature of the bilateral agreement on road transport with the Lao PDR on 17 August 2002 resulted in the liberalization of transit transport and a substantial reduction in the cost of international transport.

2.4 East Asia

Transport facilitation committees are operating in China and Mongolia.

2.4.1 China

The China NTFC was established by decree of the State Council in early 2004. The committee is supported by a secretariat supplied by the Ministry of Communications, to which the committee is accountable.

The committee is chaired by the Minister of Communications and has a membership drawn from the following government agencies: Ministry of Foreign Affairs, State Development and Reform Commission, Ministry of Finance, Ministry of Communications, Customs General Administration, Ministry of Public Security (immigration and traffic police), and General Administration of Quality Supervision, Inspection and Quarantine.

The committee was established in response to the requirement of the GMS Cross-border Transport Agreement. It is expected that one of its main functions will be the coordination of the work of various ministries in connection with the operation of the GMS Cross-border Transport Agreement. In practice, the committee has started to coordinate other cross-border transport issues.

The main functions of the committee are:

- To enhance transport facilitation by coordinating relevant ministries;

- To supervise and regulate the implementation of conventions and agreements;
- To organize the studies on relevant international conventions;
- To promote cooperation between China and neighboring countries; and
- To improve the laws and regulations on international road transport.

Coordination mechanisms have been established at some border-crossings to increase operational efficiency.

2.4.2 Mongolia

A National Transit Facilitation Committee was established in Mongolia in June 2003 under the direction of the Ministry of Roads, Transport and Tourism. The committee has a total of about 10 members, drawn from the Ministry of Roads, Transport and Tourism, Ministry of Rail Transport, Ministry of Industry and Trade, Mongolian Customs Service, Chamber of Commerce and Industry and some freight forwarder organizations.

With a view to facilitate foreign trade transaction through streamlining rules and regulations and simplifying and optimizing procedures, the Chamber of Commerce and Industry established the Trade Facilitation Committee, named MONPRO, in May 2005. The MONPRO is a sub-committee of the Public Private Partnership Consultative Committee. The MONPRO has equal representation from both the public and private sectors, including key government authorities, NGO's, sector associations, and individual enterprises.

The MONPRO has a right to submit its proposal on trade facilitation discussed by its members to the Public Private Partnership Consultative Committee. The MONPRO also has a right to include its proposal on trade facilitation into the Activity Plan of the Chamber.

In December 2006, a joint National Committee for Trade and Transport Facilitation (NCTTF) was established following the outcomes and suggestions by the UNESCAP national workshop and advisory services in April 2006. The NCTTF is chaired by the Minister of Roads, Transport and Tourism. Permanent secretariat has been set up in the Mongolian National Chamber of Commerce and Industry.

The NCTTF consists of five ministries (Ministry of Roads, Transport and Tourism; Ministry of Industry and Trade; Ministry of Foreign Affairs; Ministry of Finance; Ministry of Justice; and Ministry of Home Affairs), six government agencies/authorities (Civil Aviation Authority; Railway Authority; State Professional Inspection Agency; General Customs Office; Border Protection Agency; Information and Communication Technology Agency) and some representatives of business sector (Transport Service Centre; Ulaanbaatar Railway JVC; Mongolian National Chamber of Commerce and Industry; Road Supervision and Research Center; National Road Transporters Association of Mongolia).

The committee approved a work plan as summarized as follows:

Transport Facilitation

- Submission of proposal on signing of the “Intergovernmental Agreement on Transit Transportation between China, Mongolia and the Russian Federation”;
- Establishment of a working group to develop Annexes to “Intergovernmental Agreement on Transit Transportation between China, Mongolia and the Russian Federation”, and provision of instruction to ensure cooperation and harmonization of activities with the United Nations Development Programme (UNDP) and other negotiating Parties;
- Organization of a meeting of the Transport Working Group under the auspices of the Inter-Governmental Commission between Mongolia and the Russian Federation in Ulaanbaatar, Mongolia;
- Study of possibilities of additional transit routes and ports besides Tianjin, China, and Nahodka, the Russian Federation;
- Submission of a proposal to obtain permission for Mongolian vehicles to access to the territory and seaport of China;
- Study of possibilities of shared use of electronic equipment to measure truck and vehicle capacity, and to make decision as to its possible utilization, and to settle related problems of other ports;
- Submission of proposal on Intergovernmental Agreement on Trans-Asian Railway Network to the Parliament for approval;
- Submission of a proposal regarding accession to Annexes B-3 and C to the Convention on Temporary Admission, 1990;
- Submission of a proposal regarding Mongolia’s participation in the International Convention on the Harmonization of the Frontier Control, 1982 to the Parliament for approval;
- Development of policy to increase shipment or transit shipment volume by Mongolian railways and road transport, and to attract more shipments, and study on other possible routes, comparison, operation adjustments;
- Joint organization of a national seminar on regional intermodal transport planning with UNESCAP;
- Assistance in the study for application of the UNESCAP Time/Cost-Distance Model;
- Regulation on coal transportation and decision-making on solid pavement of road;
- Submission of a proposal to revise the road transport agreement between China and Mongolia;
- Development of standard for freight terminal and submission for approval and implementation;
- Development of additional specialized standard for transportation and monitoring of implementation of the approved standards;
- Support to domestic freight “door to door service”; and
- Report on implementation status of conventions and future planning.

Trade Facilitation

- Development of a strategy for establishment of the national electronic single window;
- Development of draft national programme on transport and trade logistics development and submission for approval by the Government;
- Organization of a trade ministerial conference of landlocked countries in Ulaanbaatar, Mongolia;
- Submission of a proposal on measures to implement the International Convention on the Harmonization of the Frontier Control to the Government;
- Submission of cooperation proposal to the United Nations Economic Commission for Europe (UNECE) in the field of trade facilitation;
- Report on implementation of the Almaty Programme of Action;
- Maintaining and expanding of cooperation with UNECE; and
- Installation of X-ray equipment in Zamyn Uud and Altanbulag border points for wagon and container control.

3. PROGRESS IN NATIONAL COORDINATION FOR TRADE AND TRANSPORT FACILITATION IN OTHER REGIONS

This chapter reviews the progress which has been made in regions of the world outside of the UNESCAP region, in terms of establishing trade and transport facilitation mechanism.

The approaches to trade and transport facilitation by SITPRO Ltd. in the United Kingdom, SWEPRO in Sweden, a large project in Southeastern Europe, and networking of national committees are reviewed in this chapter, and the approach taken in the case of the mechanism being implemented in the member countries of Economic and Social Commission for West Asia (ESCWA) is also reviewed.

3.1 SITPRO Ltd.

SITPRO was originally established in 1970 as the Simpler Trade Procedures Board to coordinate the implementation of trade facilitation initiatives in the United Kingdom. In 2001 it was restructured as a limited liability company and became SITPRO Ltd.

Although classified as a non-departmental public body which is accountable to the Department of Trade and Industry for achievement of its objectives, SITPRO, by virtue of its unique corporate status, is also accountable to the wider trading community it represents. This is made clear by its mission statement (following) which emphasizes its role to improve the competitiveness of traders:

SITPRO's mission is to use its unique status to improve the competitive position of traders by facilitating change through:

- *Identification and removal of barriers in the international trading process;*
- *Identification and promotion of best trading practices;*
- *Influencing future trading policies¹⁴.*

SITPRO receives a grant-in-aid from the Department of Trade and Industry, but is also funded by contributions from the trading community as well as by revenue generated from some of its services.

SITPRO offers a wide range of services (some of which are chargeable) to the trading community, including advice, briefings, publications and checklists covering the various international trading practices. In addition, SITPRO manages the aligned system of export documentation and licenses the printers and software suppliers who sell the forms and export documentation software.

SITPRO's work is guided by a board, consisting of nine directors (including a chairperson) and four board advisors, and by three policy groups. The directors have a broad range of experience extending across transport, finance and international trade. The policy groups are assisted by voluntary specialist advice from SITPRO's membership. It is claimed that at any one time there are about 100 executives and specialists taking part in this work.

The policy groups address policy issues in the following fields:

- *Port procedures*, with the objective of rationalizing and harmonizing official controls and commercial practices that affect the operational management of, and the movement of goods through the port environment (which includes seaports, airports, rail facilities and inland clearance depots);
- *International trade practices*, with the objective of supporting SITPRO's overall goal of improving trader competitiveness, by pressing for the removal of unnecessary or excessive barriers to trade (whether in relation to Customs or other administrative processes), identifying and promoting best trade practice, and encouraging the rational and integrated use of new technologies); and
- *E-Business and standards*, with the objectives of: developing SITPRO's strategy related to e-business developments in trade facilitation; acting to ensure that e-business developments in the international trade process are necessary and beneficial to the trading community; and monitoring and assessing the impact on the trading community of proposed changes in international, European and national trade law.¹⁵

As an example of its work in relation to the reform of international trade practices, SITPRO has been working for the introduction of Single Window¹⁶ trade clearance procedures by the UK authorities. Its work in this area has also involved quantifying the savings which would be available to the trading community from elimination of the present requirement for traders to submit identical or similar data to several government departments in order to clear the same shipment.

3.2 SWEPRO

SWEPRO, the Swedish Trade Procedures Council, was established by the Government of Sweden in 1975 in order to promote simplification and efficiency in international trade procedures through active participation in central international fora, through which these matters are addressed.¹⁷

SWEPRO was formed in accordance with the Recommendation 4 on National Trade Facilitation Organs in 1974¹⁸. It is more of a consultative body of private sector managers, public-sector administrators and policy makers, and consists of members representing business and public authorities, including the: Swedish Bankers' Association; Swedish Trade Council; Swedish Alliance for Electronic Commerce; National Board of Trade; Swedish Federation of Trade; Swedish International Chamber of Commerce; Confederation of Swedish Enterprise; Swedish International Freight Association; Swedish Customs and Swedish Ministry of Foreign Affairs.

SWEPRO is supervised by the National Board of Trade, which is a government administrative body dealing with foreign trade and trade policy. Its secretariat is administrated by the National Board of Trade.

¹⁵ "Policy Groups" from SITPRO website.

¹⁶ "Single Window Procedures" have been defined by SITPRO as procedures "...enabling the provision of standardized information with a single body to fulfill all import, export, and transit related regulatory requirements. If information is electronic, then individual data elements should be submitted once."

¹⁷ SWEPRO website: www.swepro.org.

¹⁸ This Recommendation was replaced by the Recommendation on National Trade Facilitation Bodies in 1999.

The primary role of SWEPRO is to provide a forum for discussion and information regarding trade facilitation issues. The forum ensures that facilitation activities are approached in a coordinated manner to guarantee that problems are solved effectively and efficiently. It monitors the implementation of jointly-agreed facilitation measures. SWEPRO has undertaken some important surveys and studies on trade facilitation issues, such as data interchange in international trade and impact and benefits of trade facilitation.

SWEPRO also discusses international work in the field of trade facilitation. It coordinates and participates in work that is mainly conducted within the framework of the United Nations, the WTO, the World Customs Organization (WCO), the Organization for Economic Cooperation and Development (OECD), and the European Union (EU). SWEPRO also cooperated with some developing countries to promote trade facilitation.

Similarly, in Sweden, the Trade Procedures Council (SWEPRO) is the discussion forum for international work in the field of simplification of trade procedures. It is under the National Board of Trade. The Board provides the Government with analyses and recommendations and acts as the secretariat for SWEPRO, which consists of representatives of the Government and key business organizations. SWEPRO participates in the intergovernmental work in the United Nations and the EU to simplify and harmonize procedures and information flow, including electronic means in international trade.

3.3 Regional Programme of Trade and Transport Facilitation in Southeast Europe (TTFSE)

The TTFSE Programme had its origins in the Southeast Europe Cooperation Initiative (SECI) of the European Commission, which was launched in December 1996 to strengthen regional economic and environmental cooperation among the countries of Southeast Europe.²⁰ Major elements in this initiative were the promotion of efficient transit and the combating of corruption and smuggling within the sub-region. The initiative was supported by UNECE and the Governments of Austria, Italy and the United States.

In late 1998, six countries of Southeast Europe, supported by SECI, requested the World Bank's support to a regional programme of trade and transport facilitation in Southeast Europe. Following a review of the main impediments to trade and transport, five core elements were identified for the programme, namely: institutional reforms, procedural simplification, information technology improvement, border facility upgrading and support to regional cooperation. The original six countries, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, and Romania signed a Memorandum of Understanding in February 1999 to join the programme and to apply a set of coordinated measures to reduce corruption and smuggling at border crossings. They were joined in November 2001 by the former Federal Republic of Yugoslavia and Moldova, when these countries signed the memorandum.

²⁰ Participating countries in the SECI include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Hungary, Moldova, Romania, Slovenia, FYR of Macedonia, and Turkey.

The programme gives priority to the modernization of inefficient Customs procedures, which are considered to impose the single most serious impediment to efficient flows of trade and transport across the borders of the sub-region's countries. Under the various TTFSE projects, Customs administrations are modernizing their services and aligning their operational performance with the standards of the EU. In addition, streamlined border crossing procedures are being pilot-tested at selected sites.²¹

The objective of these pilot tests is to improve the efficiency of border crossing administrative procedures and increase the volume and value of cross-border trade principally by:

- Streamlining administrative processes through functional integration of border administration agencies (involving the re-training of border control staff);
- Eliminating/reducing border crossing delays through physical and operational reorganization of border checkpoints;
- Establishing standards for the operational performance of border control staff and measurement of performance against these standards; and
- Reducing border crossing costs by eliminating/reducing opportunities for corruption (mainly through procedural improvements).

Of particular note are the project administrative arrangements which have been put in place to coordinate and monitor the implementation of the improved border procedures. These arrangements build on existing administrative mechanisms, and include:

- A high-level Regional Steering Committee convening all countries twice a year to facilitate cooperation and experience sharing;
- A regional website which disseminates information on the border crossing procedures and formalities of all eight participating countries;
- Public-private working groups, or *Pro-committees*, interacting quarterly;
- Regional conventional and distance learning programmes to harmonize the quality of transport service providers; and
- Paired local project teams gathering all border agencies at pilot border crossing points, with interaction across the border.

The TTFSE Programme is being co-financed by the Government of United States and the World Bank, with the Government of United States providing grant for technical support and the World Bank financing border post infrastructure and inspection equipment, local area networks, and information systems for Customs clearance operations.

3.4 Networking of PRO-Committees in Europe

There are two networks of PRO Committees in Europe, EUROPRO and SECIPRO.

²¹ "Clearance and Administrative Simplification", Section 1, TTFSE Manual, November 1, 2002.

EUROPRO is the Association of Committees on Simplified Procedures for International Trade within the European Community and the European Free Trade Association²². It was established in response to the Recommendation 4 on National Trade Facilitation Organs in 1974. It consists of most European PRO Committees.

EUROPRO's main objective is to promote and harmonize facilitative trade practices within the EU and internationally, and to help remove procedural barriers to trade. It contributes to the facilitation activities organized by the United Nations agencies, WTO, WCO and EU through presentations and position papers. EUROPRO formed a European Business Trade Facilitation Network in 2001, which contributes to the WTO negotiation on trade facilitation.

SECIPRO, established in 1998, is a network of PRO Committees in Southeast Europe. It was born out of the Southeast European Cooperative Initiative. The network consists of 10 PRO Committees from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYROM, Greece, Moldova, Romania, Serbia and Montenegro, and Turkey. Its aim is to facilitate transport and trade in the region by eliminating border obstacles to trade and expediting the movement of goods through the region.

Major activities and initiatives of the SECIPRO network are as follows:

- Involving in implementation of the trade facilitation component of the World Bank programme for Trade and Transport Facilitation in Southeast Europe.
- Assisting identification and resolution of problems related with border crossing on a bilateral and trilateral level.
- Raising public awareness on challenges and threats related with security and corruption.
- Promoting capacity building and local expertise by facilitating the exchange of best practices in:
 - Transport and trade security;
 - Combating systematic corruption;
 - Elimination of non-tariff barriers;
 - Customs modernization;
 - Public private partnerships;
 - International Vehicle Weight Certificate;
 - Single Window development and implementation; and
 - EUROPRO - SECIPRO cooperation.

3.5 Establishment of NTTFC's in the ESCWA Region

ESCWA has been actively involved in identifying and seeking measures to resolve the major problems of trade and transport facilitation experienced by its member countries. Its activities in this respect have included the organization of a major regional seminar on trade efficiency and a field study of the procedures associated with transporting freight across land borders, both of which have provided a basis for

²² SECIPRO website: <http://www.secipro.net/>

its recent activity in promoting the establishment of NTTFC's throughout the ESCWA region.

3.5.1 Study of border crossing procedures for freight transport

ESCWA undertook an analytical field study of the procedures involved in transporting freight across national borders.²³ The study encompassed five countries of the ESCWA Region, the Syrian Arab Republic, the United Arab Emirates, Egypt, Jordan and Lebanon, which apply procedures ranging from the traditional to the most sophisticated high technology-based systems, and identified the problems associated with international cross-border freight transport operations and the causes of those problems. The problems were summarized under three headings: the high cost of procedures; the lengthy time taken to complete procedures; and illegal practices. The lack of transparency in the application of procedures and of adequate forewarning to the trading community of any procedural amendments were identified as serious shortcomings of existing systems. Other major sources of inefficiency were identified as duplication of the documentation and information requirements of multiple different government agencies involved in border control, the lack of any link between the parties involved in trade transactions which would enable them to exchange information electronically and the lack of harmonization of documentation and control procedures across borders. The study concluded with 11 recommendations for the resolution of these problems, these recommendations being adopted by the ESCWA Committee of Transport at its second session in February 2001, and supported by the 21st ESCWA session in May 2001.

3.5.2 Promotion of NTTFC's

A mandate for the ESCWA involvement in promoting the establishment of NTTFC's was provided by the recommendation of the 3rd session of the Committee of Transport in March 2002 that:

- National facilitation committees should be established;
- Implementation should begin in member countries; and
- ESCWA should prepare a manual for the establishment of those committees and put in place a regional mechanism for coordination between them.

The manual prepared by the ESCWA secretariat sets out the general and specific goals of the committees, activities to support achievement of those goals, the constitution and powers of the committees, the membership composition of the related technical sub-committees, and the arrangements for coordination at the regional level.²⁴

(a) General and specific goals of committees

The general goals of national facilitation committees were specified as:

²³ ESCWA, *The facilitation of international freight transport in the ESCWA region*, E/ESCWA/TRANS/2000/4 (6 parts).

²⁴ ESCWA, *Manual for the Establishment of National Trade and Transport Facilitation Committees in the Countries of the Economic and Social Commission for Western Asia Region*, United Nations, New York, 2002.

- Facilitation of trade and transport through simplification and harmonization of procedures and operations, implementation of administrative and legal reforms, and mechanization of procedures with the support of information and communication technologies;
- Strengthening of national competitiveness and expansion of export volumes through operational and procedural improvements; and
- Removal of barriers to trade between countries, thereby accelerating their regional integration.

Specific goals for the national facilitation committees were specified as:

- Provision of a national forum for the facilitation and direction of the procedures, practices and documents used in foreign trade;
- Preparation of a draft document to be approved by the Government, dealing with the facilitation of all procedures relating to trade and transport;
- Making of recommendations to the Government concerning investments to develop trade and transport; and
- Achieving an increased awareness of the benefits of facilitating trade.

(b) Activities to support achievement of goals

The activities seen as necessary to support achievement of the above defined goals of the national facilitation committees were classified under four headings: the facilitation of trade and transport; organizational activities; development activities; and training activities.

Activities associated with the facilitation of trade and transport were seen to include simplification and standardization of the procedures required for international trade (including multimodal transport), gathering and dissemination of information on the official procedures involved in international trade and transport, and promotion of the use of information technology in the fields of trade, transport and communications.

The organizational activities of facilitation committees were defined as the revision, amendment, drafting and proposal of policies, documents, systems, laws and regulations related to every aspect of trade and transport operations, as required improving the efficiency of these operations. Other organizational activities would include the provision of advice to the Government on the benefits of accession to international conventions and treaties relating to the facilitation of trade and transport.

The development activities of facilitation committees were defined as the review of investment policies to assist the introduction and development of trade and transport technologies, as well as consideration of issues related to the institutional development of cross border transport (especially multimodal transport).

The training activities of facilitation committees would comprise the organization of campaigns, workshops or visits by technical experts to increase awareness among the decision makers of the trading community (whether from the public or the private sector) of the benefits of, and requirements for, facilitating trade related procedures and documents.

(c) Constitution and powers of committees

It was emphasized that the success of facilitation committees in achieving their goals would, to a major extent, depend upon the inclusion in their membership of high level representatives of all parties involved in international trade and transport, both from the public and the private sectors.

Very detailed list of the organizations which should be represented from each of the public and the private sectors were provided.

In the case of the public sector, this list includes: the trade and transport regulatory agencies (e.g. ministries of transport, trade, and finance or Customs); the government agencies responsible for transport infrastructure and services (including roads, seaports, airports and railways); public sector banks and insurance companies; import and export licensing and production certification authorities; the ministry of the interior and the security and law enforcement agencies; the ministries of agriculture, industry, health and communications; and the central bank.

In the case of the private sector, the list includes: exporters and importers; trade and transport service providers, e.g. transport brokers, freight agents, Customs clearers, marine agents and travel agents, and private transport operators; private banks and insurance companies; chambers of commerce and industry; and the relevant labour unions, associations and syndicates.

It was further recommended that the committee should:

- Come within the purview of the president of the council of ministers and that the presidency of the committee should be assumed either by the minister of transport, the minister of trade, or the minister of finance, with the remaining two ministers assuming the positions of vice-presidents of the committee;
- Comprise at most 10-15 members, drawn in equal numbers from the public and private sectors;
- Be established by a decree from the council of ministers and promulgated in the official gazette; and
- Be supported by a secretariat comprising an executive secretary and a dedicated administrative and technical team.

The funding of the committee and its secretariat was not addressed specifically, although it was specified that “the national committee and its secretariat must be assured of material and real resources from the government, the private sector or from technical assistance projects provided by international organizations”.²⁵ It was further suggested that the best option would be for this support to be provided from the joint resources of all these parties.

(d) Composition of the technical subcommittees

It was recommended that the national trade and transport facilitation committee should comprise technical subcommittees responsible for studying each of the main sectors involved in international trade operations, namely transport, communications,

²⁵ ESCWA (2002), page 6.

trade practices, Customs, commercial data, banks and insurance. The sub-committees would study the issues referred to them by the main committee and would disband once their tasks have been completed and they have submitted their final reports. The members of these subcommittees would be the experts and technical specialists from member organizations with expertise relevant to the issues being dealt with by the sub-committee.

(e) Coordination at regional level

It was recommended that the Commission, through its trade and transport facilitation team within the Globalization and Regional Integration Division, would undertake the role of regional coordinator, with specific responsibility for:

- Coordinating the responses to enquiries addressed by the sub-committees to the ESCWA and the relevant regional and international organizations;
- Coordinating between the NTTFC's in member countries and provide them with technical support;
- Coordinating between the member countries and the relevant international organizations, with a view to identifying the countries and sectors which need training and awareness-raising seminars and arranging necessary regional level activities for that purpose;
- Following up regional progress in the trade and transport sectors, and coordinating campaigns at regional level in order to raise awareness of the importance of adopting good facilitation practices in those sectors;
- Identifying common technical, organizational and trade barriers among the countries of the region;
- Identifying common solutions to current problems by drawing up a regional plan of action; and
- Proposing standards to be adopted at regional or international level with respect to, inter-alia, documentation, Customs tariff structures and EDI.

3.5.3 Experience with the establishment of NTTFC's in ESCWA member countries

National facilitation bodies had been established by two member countries of the ESCWA region before the UNESCAP study was undertaken.

In 2002 Egypt, pursuant to a presidential decree, established a national transport committee under the direction of the Ministry of Foreign Trade. The main purpose of this committee is to study transport problems impacting on the flow of foreign trade and to propose solutions which can, in particular, contribute to increased efficiency in the country's export trade and, as a consequence, to enhanced export competitiveness. The enabling decree also provided for the formation of sub-committees to consider issues related to individual transport sub-sectors, viz. land, air, sea and river. Each sub-committee prepares a monthly report on its activities for the main committee. The technical secretariat for the committee and its related sub-committees is provided from the staff resources of the Ministry of Foreign Trade. Independent initiatives have been taken outside the committee's jurisdiction to improve trade documentation and inspection procedures. Under another presidential decree a single authority (the General Authority for Control of Imports and Exports)

was created in 2000 to apply integrated border control and inspection procedures in place of the multiple (and often duplicated) procedures previously applied by numerous government inspection authorities.

Yemen has established a “committee for the facilitation of trade between Yemen and the countries of Western Asia”.²⁶ This committee is comprised of 11 members (seven from the public sector and four from the private sector). Agencies of government represented on the committee are the ministries of trade, industry, communications, finance and justice, Customs, and the Central Statistical Organization. The private sector is represented by the Federation of Yemen Chambers of Commerce and Industry, the Association of Commercial Banks, the Union of Transport Companies, and the Yemen Insurance Federation. The committee is chaired by the Minister of Industry and Trade and has six sub-committees, dealing individually with problems of trade facilitation in the following areas: trade practices, trade data, banks and insurance, Customs, transport, and communications. The work of the committee and its constituent sub-committees is supported by an executive secretariat and is funded by an annual budget jointly provided by the public and private sectors. Major tasks being undertaken by the committee include:

- Formulation of a plan of action to facilitate and improve trade between Yemen and other ESCWA member countries;
- Identification of the restrictions and bottlenecks involved in commercial operations and payments;
- Development of best practices by simplifying procedures and consolidating the various stages of commercial transactions;
- Identification of remedies and solutions to trade problems, including the use of information technology to facilitate trade;
- Dissemination of information concerning the benefits of trade facilitation to businessmen, small traders, government institutions and trade service providers; and
- Proposal of legislative amendments necessary to facilitate and improve trade.

²⁶ ESCWA (2002), page 9.

4. ACTIVITIES AND RECOMMENDATIONS BY INTERNATIONAL ORGANIZATIONS ON NATIONAL COORDINATION MECHANISMS FOR TRADE AND TRANSPORT FACILITATION

Several international organizations have for many years been actively promoting programmes and measures to eliminate the barriers to international trade and transport. A number of these organizations have focused their attention on developing an interest and a capacity among national governments to coordinate the actions necessary to improve the flow of international trade and transport across their borders, mainly through the establishment and operation of multi-agency oversight and coordinating committees. This chapter reviews the recommendations of those international organizations which have been active in the field of trade and transport facilitation in recent years.

4.1 Global initiatives

4.1.1 Almaty Programme of Action

The Almaty Programme of Action resulted from the International Ministerial Conference of Landlocked and Transit Developing Countries, Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation which was held in Almaty on 28 and 29 August 2003. Its purpose was to identify specific actions to be taken by transit countries, by donor countries and institutions, and by the landlocked countries themselves in order to reduce the excessive trade transaction costs faced by the latter countries and to improve their competitiveness in the global trading environment.

The programme of action³¹ sets out specific actions to be taken in five priority areas, namely:

(i) Fundamental transit policy issues

Actions should be taken by landlocked and transit developing countries to review and revise their transit transport regulatory frameworks in order to allow greater participation of the private sector, make transport services responsive to user demands, and increase the transparency of transit and border regulations. In

³¹ United Nations General Assembly 58th session, *Outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation – Report of the Secretary-General.*

addition, these countries should promote the use of information technology and strengthen training programmes. Development partners should give priority in their assistance programmes to sustainable transport financing both through public/private partnerships, involving official development assistance and through private investments, including foreign direct investments. The application of international conventions on transport and transit should be encouraged to complement regional and bilateral agreements in achieving the harmonization, simplification and standardization of rules and documents for international trade and transit.

(ii) Infrastructure development and maintenance

Inadequate infrastructure was recognized as a major obstacle to establishing efficient transit transport systems in landlocked and transit developing countries. The lack of adequate infrastructure was seen to be the result of severely limited national financial resources and official development assistance for infrastructure development. Specific actions required to address this problem were identified as encouragement by development partners of private sector participation in transit transport infrastructure development through co-financing, Build-Operate-Transfer schemes and playing a catalytic role in attracting foreign direct investment, as well as in facilitating increased access to commercial bond markets.

(iii) International trade and trade facilitation

Excessive trade transaction costs were identified as the main reason for the marginalization of landlocked developing countries in the international trading system. Because of the inextricable linkage of trade and transport, transport costs can provide either a means of access, or a barrier, to foreign markets. Cumbersome and inefficient Customs and other border crossing procedures and documentation were recognized as contributing to excessive transit costs for landlocked countries, as were costly bank transactions. Actions to reduce or eliminate these problems were seen as appropriate, as were actions on the part of development partners to achieve better market access for goods of special interest to landlocked developing countries, by supporting their accelerated accession (and that of transit developing countries) to the World Trade Organization. One of the specific actions required is that landlocked and transit developing countries should consider establishing, where appropriate, and/or strengthening existing national trade and transport boards or committees involving all major stakeholders, including the private sector.

(iv) International support measures

It was recognized that as many of the landlocked developing countries are among the poorest of countries, the costs of establishing and maintaining efficient transit transport systems would be beyond their financial capacity and that therefore they would require assistance from the development partners. Such assistance was primarily identified in the form of increased official development assistance, and the application of innovative financing methods for transport infrastructure development. Donor countries and multilateral financial and development institutions were urged to continue their efforts to ensure effective implementation of commitments reached in the Monterey Consensus. Priority areas for financial and technical assistance were identified as: provision of "missing links" in transit transport corridors; alternative cost-effective routes; dry port projects; development of adjacent border posts; rehabilitation of transport infrastructure; and promotion of the implementation of agreed trade and transport facilitation measures. Finally, priority areas for technical cooperation were identified as: promotion of the implementation of bilateral, subregional, regional and international agreements; promotion of socially beneficial

and market-oriented transit transport policies; implementation of privatization programmes; development and delivery of Customs training programmes; and expansion of regional data bases on road transport.

4.1.2 United Nations Special Programme for the Economies in Central Asia

The United Nations Special Programme for the Economies in Central Asia (SPECA), which is supported by both UNECE and UNESCAP has adopted, as a key component of its work programme, the establishment of NTTFC's.

At its 10th session in Issyk-Kul, Kyrgyzstan, in March 2005, the SPECA Project Working Group on Transport and Border Crossing included in its programme of work for 2005-2006, the following activities:

- (i) *At the national level*, the establishment and strengthening of national transport facilitation committees, *as parts of national trade and transport interagency commissions*, involving:
 - For those countries which have not yet done so, establishment of NTTFC's; and
 - Formulation of National Action Plans for the development of international transport by NTTFC's (by the end of 2005).
- (ii) *At the subregional/regional level*, the organization of a subregional/regional workshop on NTTFC's.³⁴

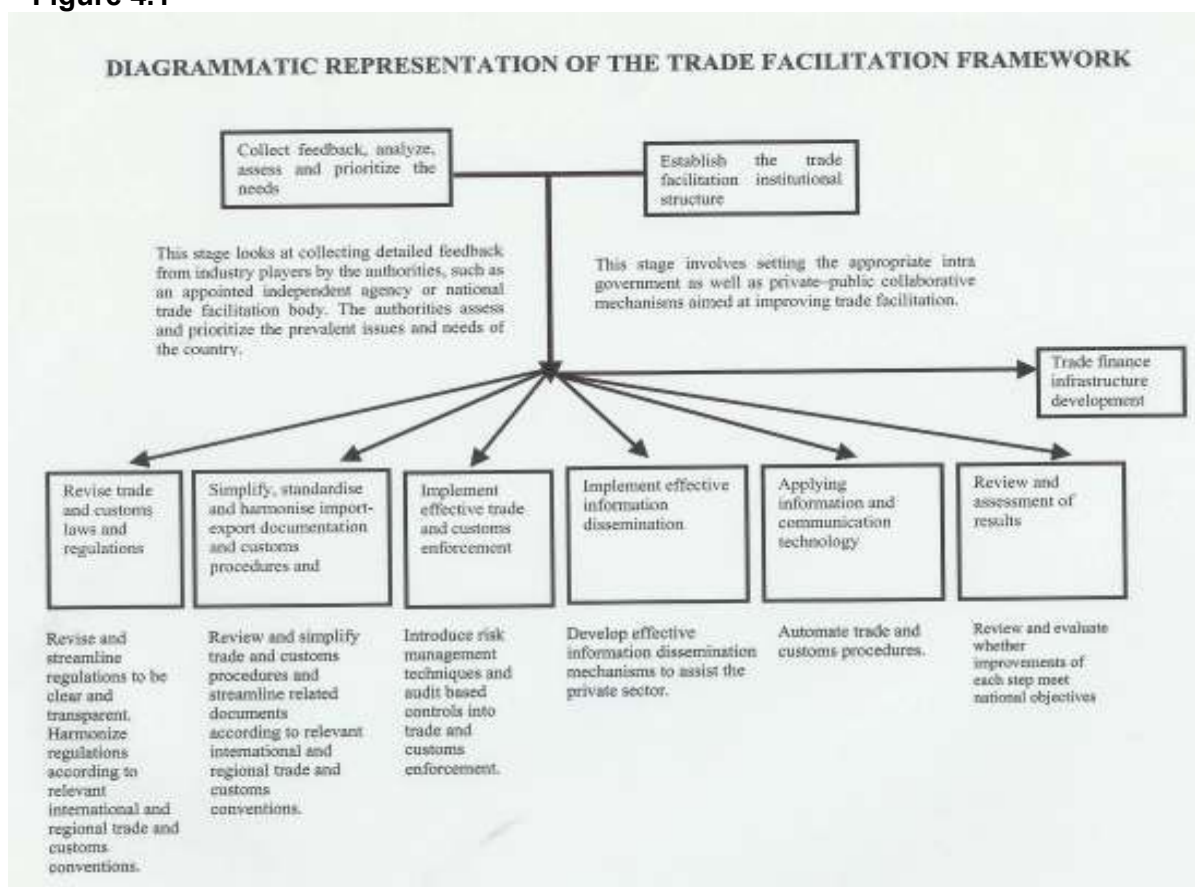
4.2 United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)

In 2004, the UNESCAP developed a trade facilitation tool "UNESCAP Trade Facilitation Framework – A Guiding Tool". The purpose of the Framework is to provide guidelines for the governments to identify the problems and bottlenecks in a country's trade system and to find solutions. The Framework, which is depicted in Figure 4.1, provides a systematic step-by-step approach to identifying and eliminating problems and bottlenecks found within six key components of a trade facilitation system, all of which have a direct bearing on trade transaction methods and costs. These key components are:

- Trade and Customs legislation and regulations;
- Trade documentation and procedures;
- Customs clearance procedures;
- Trade and Customs enforcement practices; and
- Use of ICT.

³⁴ *Report of the 10th Session of the Project Working Group on Transport and Border Crossing (PWG-TBC)*, Issyk-Kul, Kyrgyzstan, 24 March 2005, Annex 5.

Figure 4.1



Source: UNESCAP Trade Facilitation Framework – a Guiding Tool, 2004, page 6.

The problems and solutions identified with the Framework can be submitted to relevant government agencies for action. In view of involvement of many government agencies in resolving major facilitation problems, Stage ii of the Framework recommends the countries to appoint a lead agency, which would be in charge of identifying all relevant stakeholders from both public and private sectors and creating the national trade facilitation body.

UNESCAP implemented a project on integrated transport and logistics system for North-East Asia. Under the project, the Subregional Expert Group Meeting, held at Ulaanbaatar, Mongolia on 6-10 September 2004, made some specific recommendations on the national coordination mechanism.

It was recommended that NTTFC's be established or the competent authority in charge of transport establish a suitable mechanism at the highest possible level, with participation of all stakeholders from different ministries, authorities or associations from both the public and private sectors. The committees (or equivalent bodies) should have clear terms of reference and the assistance of an interdisciplinary working group to be able to undertake, amongst others, the following:

- Analyze the trade and transport markets to determine possible traffic volume in tonnes as well as number of containers for the transport corridors under consideration;

- Prioritize the routes and identify the infrastructure requirements including intermodal connections along the network;
- Harmonize/coordinate the interactions between different parties from the public and private sectors;
- Collect relevant data and manage the database;
- Undertake route analysis applying the UNESCAP Time/Cost-Distance Model to identify and address physical and non-physical bottlenecks;
- Conduct studies with regard to the accession and implementation of international/regional transport agreements and evaluation of national transport and logistics performance;
- Further develop national action plans which could include facilitating competition, ensuring good connections between roads and ports and integrating unimodal ICT systems; and
- Support research and information exchange relating to integrated logistics and freight transportation.

During 2005 and 2006, UNESCAP implemented an inter-divisional project on trade and transport facilitation (of which the present study is a part). The objectives of this project are to:

- Establish and/or strengthen NTTFC's;
- Apply the UNESCAP facilitation tools;
- Formulate guidelines on legal frameworks for facilitation;
- Encourage the application of ICT; and
- Strengthen the capacity building activities of government agencies in the field of trade and transport facilitation.

UNESCAP is implementing several projects with other regional commissions as well.

The project "Capacity Building through co-operation in Developing Inter-regional Land and Land-sea Transport Linkages" being implemented by all the regional commissions includes aspects of transport infrastructure as well as facilitation. The Euro-Asian transport linkages component enabled 17 countries at the cross-roads of Asia and Europe to meet and share experiences on ways of facilitating the smooth movement of goods between the two regions. The project has also enabled the conduct of national workshops, the focus of which is the establishment and strengthening of facilitation mechanisms. The project also enables the identification and facilitation of transport links between UNESCAP region and west Asia.

Jointly with the UNECE, the secretariat has begun implementing new Development Account capacity building projects in trade facilitation for the countries of the SPECA programme. In regard to trade facilitation activities and measures, these projects aim at increasing competitiveness of traders in the SPECA countries and advancing sub-regional integration. Such activities and measures include:

- Developing a network of public-private partnerships for trade facilitation to improve collaboration among relevant agencies;
- Identifying needs and priorities;

- Promoting and implementing key trade facilitation measures (e.g. simplification of trade documents and their alignment with international standards; establishment of the Single Window facilities; development of roadmaps for transition to paperless trade).

With the coming into force of the Inter-Governmental Agreement on the Asian Highway Network in July 2005, and the signing of the Inter-Governmental Agreement on the Trans-Asian Railway Network in November 2006, UNESCAP member countries are increasingly aware that infrastructure alone will not ensure the smooth movement of intra-regional and inter-regional trade.

The Ministerial Conference on Transport held in Busan, Republic of Korea, on 10-11 November 2006 adopted a Regional Action Programme for Transport Development in Asia and The Pacific (Phase I, 2007-2011). The Regional Action Programme stressed that the smooth and efficient movement of goods and people across borders in the region requires close collaboration between ministries and agencies and support from all stakeholders, including the private sector. It includes the following activities:

- Preparation and publishing of guidelines on establishing or strengthening national facilitation coordination mechanisms;
- Organization of workshops, seminars and advisory services for establishing or strengthening national facilitation coordination mechanisms; and
- Organizations of regional forum for national facilitation coordination mechanisms.

Immediate objective of such activities is to promote collaboration between all stakeholders involved in international transport from the public and private sectors for transport facilitation.

4.3 United Nations Economic Commission for Europe (UNECE)

Through the UN/CEFACT, the UNECE develops instruments for trade procedures and documents. These include international standards, recommendations, guidelines, best practices and guidelines for simplification and standardization of trade documents and related procedures, and use of information technology, and standardized codes for international trade.

Some of the key UN/CEFACT instruments, most of which are based on over 30 trade facilitation and e-business recommendations, are:

- Recommendation No. 1 on United Nations Layout Key for Trade Documents (ISO 6422) and the Guidelines to this recommendation;
- Recommendation No. 4 on National Trade Facilitation Bodies and the Guidelines to this Recommendation;
- Recommendation No. 16 on the United Nations Code for Trade and Transport Locations;
- Recommendation No. 18 on Facilitation Measures related to International Trade Procedures;

- Recommendation No. 33 on Establishing a Single Window for Submitting Trade Documents;
- UN/EDIFACT; and
- The United Nations Trade Data Elements Directory (UNTDDED, ISO 7372).

Because of a global remit of these trades facilitation instruments, membership in UN/CEFACT is open to the countries all over the world. Currently, UN/CEFACT members from the Asia-Pacific region include public and private sectors representatives from Australia, Hong Kong (China), India, Iran (Islamic Republic of), Japan, Korea, Malaysia, New Zealand, Singapore and Thailand.

Recommendation 4 was adopted by UN/CEFACT³⁵ at its fifth session in March 1999. The essence of the original recommendation was "...that Governments establish and support national trade facilitation bodies with balanced private and public sector participation, in order to:

- *Improve dialogue between different bodies involved in trade and international transport;*
- *Define solutions to remove impediments to trade and transport at operational level;*
- *Identify issues affecting the cost and efficiency of their country's international trade;*
- *Develop measures to reduce the cost and improve the efficiency of international trade;*
- *Assist in the implementation of those measures;*
- *Provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation; and*
- *Participate in international efforts to improve trade facilitation and efficiency.*"³⁵

This recommendation was subsequently adopted for application to its TTFSE programme in South Europe and a programme in South Caucasus.

While this recommendation had an emphasis on trade facilitation and specifically on the need to implement measures to reduce the cost and improve the efficiency of international trade, it was proposed as the basis for the creation of trade and transport facilitation committees, or *Pro committees*, in the three countries of the South Caucasus. It also provided the basis for the establishment of national trade and transport facilitation committees in the ESCWA region.

Trade facilitation, for the purposes of Recommendation 4, was defined in terms of covering the formalities, procedures, documents and operations related to international trade transactions.³⁶ The goals of trade facilitation were defined as:

- *Simplification of formalities, processes and procedures related to the flow of trade across national borders;*

³⁹ UNECE, *National Trade Facilitation Bodies*, Geneva, October 2001, page 2.

⁴⁰ UNECE (October 2001) page 3.

- *Harmonization or alignment, among member countries, of national border crossing formalities, processes and procedures* with international conventions, standards and practices; and
- *Standardization* or the process of developing internationally agreed formats for practices, procedures, documentation and information.

Recommendation 4 stressed the importance of national trade facilitation bodies as forums which allow private sector managers, public sector administrators and policy makers to work together towards the effective implementation of jointly agreed facilitation measures.

Recommendation 4 urged that the composition of such committees should include representatives of all companies and institutions which participate in international trade transactions, including manufacturers, importers, exporters, freight forwarders, carriers, banks, insurance companies, and public administrations. It was observed that it is only with the active involvement of these parties that impediments can be analyzed meaningfully, and cooperative solutions devised.³⁷

Under the auspices of the UNECE, a range of conventions relating to facilitation of international land transport has been formulated. Some conventions have been widely applied.

4.4 United Nations Conference on Trade and Development (UNCTAD)

4.4.1 Promotion of NTTFC's

The UNCTAD has been actively involved in the creation of NTTFC's in several countries as part of its technical assistance programmes in the field of facilitation of international trade and transport.

Within the UNESCAP region, UNCTAD, with financial support from the World Bank, is executing trade and transport facilitation projects in Nepal and Pakistan. The establishment of NTTFC's in both countries has been a major initiative of these projects.

The NTTFC model developed by UNCTAD was based on Recommendation 4 of the Fifth Session of UN/CEFACT in 1999, as described in Section 4.3 above, but the UNCTAD model extends the functional scope of the committees recommended by UN/CEFACT to include transport facilitation in addition to trade facilitation. It also specifies a more prominent role for the private sector members of the committee.

A paper presented on behalf of UNCTAD to the sixth session of UN/CEFACT in March 2000 sets out the concepts underlying the NTTFC model developed by UNCTAD, in addition to the objectives, structure, activities, membership composition and method of funding recommended for these facilitation committees.³⁸

- (i) Underlying concepts

³⁷ UNECE (October 2001) page 4.

³⁸ UNCTAD, *Creating an Efficient Environment for Trade and Transport*, paper presented to Sixth Session of UN/CEFACT, 27-30 March 2000.

The UNCTAD model recognizes an essential partnership between three key players in the facilitation of efficient international trade and transport:

- *Government agencies* (mostly ministries of trade, or commerce, transport, and finance, including Customs) which are responsible for regulating international trade and transport;
- *Trade and transport service providers* (such as carriers, freight forwarders, multimodal transport operators, Customs brokers, commercial banks, and insurance companies), supplying market oriented support services to the trading community; and
- *Traders* (i.e. exporters and importers) who stand to benefit from an improved trading environment created by institutional reforms and greater efficiency in service provision, and will increase their trade volumes to take advantage of these improved conditions and reduced transaction costs.

It is important to note that the second and third of these groups comprise mainly organizations from the private sector, although among the transport operators or carriers, and among the other trade service providers, there are often parastatal organizations, such as the railways and state owned trading banks, insurance companies and freight forwarding companies. Thus the essential partnership between the three main entities is usually one which crosses the public/private sector divide.

What distinguishes the UNCTAD model from other proposals for national trade and transport facilitation mechanisms, is UNCTAD's insistence that the private sector must be seen to play the leading role in, and to act as the "*de-facto*" driving force behind the initiatives taken by the three parties to the consultative process.

UNCTAD views the NTTFC's fundamentally as consultative mechanisms serving as national forums to propose, discuss, consult and seek for consensus among these three essential parties on facilitation measures to improve international trade and transport.³⁹ As is the case with most committees, the NTTFC's proposed by UNCTAD have no executive authority. Rather, they are viewed as advisory bodies which can, and should, reach consensus on actions to be taken voluntarily by those of their members with the executive authority to implement facilitation measures.

(a) Purpose and objectives

The purpose of the NTTFC's, as defined by UNCTAD, is *to encourage the modernization of trade and transport practices in support of the nation's foreign trade.*⁴⁰

Four specific objectives (or more properly *functions*) were identified for NTTFC's in order to help them to realize their main purpose:

- To provide a national forum for the facilitation of formalities, procedures and documentation used in international transport and trade (*Facilitation objectives*);

³⁹ UNCTAD (2000) pages 8-9.

⁴⁰ UNCTAD (2000), Annex One.

- To propose, for government approval, draft transport and trade related regulations and practices (*Regulatory objectives*);
- To make policy recommendations on future trade and transport-related investments (*Development policy objectives*); and
- To increase awareness of the methods and benefits of transport and trade facilitation (*Training objectives*).

(b) Activities

A number of activities were seen as necessary in order to allow NTTFC's to achieve their specific objectives (or to fulfill their specific functions).

Achievement of the *facilitation objective* would require the committees to keep under review and to propose measures intended to achieve the harmonization, simplification and standardization of documents and procedures required for the transaction of international trade and transport. These measures might include, for example, the simplification and alignment of trade and transport documentation on the basis of the United Nations Layout Key for Trade Documents, the introduction of documents designed for use in computer and other automated systems, and promotion of the use of standard trade and transport technology, as well as of international codes, for the exchange of trade and transport information.

Activities directed towards achievement of the *regulatory objective* were seen to include review, comment on, amendment, and proposal of draft regulations on liability and civil responsibility in international trade and transport transactions, as well as draft regulations on intermodal transport. In addition, these activities were seen to include examination of the benefits of accession to international conventions which can facilitate international trade and transport. International instruments considered by UNCTAD to be worthy of consideration included the *United Nations Convention on the Carriage of Goods by Sea*, the *Convention on International Multimodal Transport of Goods*, the *Kyoto Convention*, and the *Customs Convention on Containers*.

Activities related to achievement of the *development policy objective* were specified as: review and make recommendations on the policy content and implementation of investments in intermodal transport infrastructure (such as investments in Inland Container Depots) and trade information technology (such as EDI); and assess and make recommendations on the institutional development of regional and international intermodal transport.

Finally, major activities related to the achievement of the *training objective* were specified as: the implementation of campaigns to increase awareness (mainly among transport operators and the Customs and other government regulatory authorities) of the benefits of simplified documents and procedures; and the organization and delivery of workshops (directed mainly at policy-makers and senior decision-makers) on international trade and transport principles, practices and implications.

(c) Composition and limits of authority

Under the UNCTAD model, the membership of the NTTFC would comprise representatives of all organizations concerned with trade and transport issues in the country, including:

- Transport regulatory authorities (most often, ministries of transport) ;
- Other government regulatory or planning authorities (e.g. Customs departments or ministries of finance, ministries of planning, the central bank, etc);
- The trading banks and insurance companies;
- Transport users (e.g. importers, exporters, freight forwarders, trade associations and chambers of commerce, etc)
- Transport operators (shipping companies, airlines, multimodal transport operators, road haulage companies, railways, inland waterway transport operators); and
- Port authorities and transport terminal operators (e.g. operators of inland container depot).

It was envisaged that in all some 20-40 public and private sector representatives would constitute the committee.

A nominated government agency would accept overall responsibility for the NTTFC's activities and would provide a chairperson. It was considered that ministries of transport, trade or finance (being responsible for Customs) would be suitable lead agencies for this purpose, since they could also provide secretariat services to the committee. The chairperson would ideally be appointed from the highest levels of the designated agency – preferably at the level of Minister, Vice-Minister or Permanent Secretary.

Given the likelihood that the membership of the committee would be too large to allow it to consider proposals in detail, UNCTAD recommended that a permanent commission of about 10 members should be established from among the committee membership to follow-up on decisions by the committee and to provide support for its work programme. The task of the permanent commission would therefore be to prepare documentation for the committee, to assist the decision-making process. It was suggested that the permanent commission could organize its work in ad-hoc working groups which would be constituted on the basis of the specific requests or references from the committee.

Both the committee and the permanent commission would be assisted by a technical secretariat, to be responsible for the daily running of the committee and the permanent commission.

Meetings of the committee were envisaged to take place every three months, while those of the permanent commission were expected to be held twice per month.

The UNCTAD model limits the role of the committee to that of a consultative body. therefore it was envisaged that it would have authority to prepare recommendations and to advise on domestic and foreign policy matters related to the development of trade and transport. Its recommendations would be made in the form of proposals to the relevant member institutions with the authority to act upon them, as well as to the executive branch of government, and at the request of the committee would be transmitted by the chairperson to the appropriate authority.

(d) Work programme

A significant feature of the NTTFC model developed by UNCTAD would be the preparation of a work plan to focus the committee's activities on the achievement of its main objectives, notably:

- The implementation of harmonized national trade and transport regulations;
- The development of policies and solutions to trade facilitation and multimodal transport problems, *particularly the daily problems associated with Customs, port and inland transport operations*; and
- The national promotion of EDI system development.

(e) Sub-regional coordination

The effectiveness of trade and transport facilitation initiatives proposed at the national level will invariably depend upon the extent to which they can be coordinated with the initiatives of other national facilitation bodies.

To address the problem of coordination at the sub-regional level, UNCTAD has proposed the creation of a sub-regional trade and transport facilitation committee, composed of 2-3 members of each national committee (including the chairperson and head of the technical secretariat) and meeting once every six months.

The terms of reference for the sub-regional committee were broadly summarized as:

- To monitor regional progress in the field of transport and trade, and to coordinate regional awareness campaigns;
- To identify common impediments to trade and transport growth (technical, institutional and commercial);
- To identify common solutions/regional action required to solve existing problems; and
- To set region-wide standards for documentation, tariff structures, EDI, etc.

(f) Funding

The UNCTAD model specifies that funding support for the committee's secretariat should be provided jointly by all of its member institutions. Appropriately, it was recommended that funding should be provided on a rolling basis for periods of not less than three years. This funding support could comprise the following contributions:

- Contributions "in-kind" from government institutions, such as the provision of office space, furniture and equipment;
- Grants from government, from its own budget or from international loans;
- Financial contributions from the private sector institutions represented on the committee, e.g. each private sector institution could contribute annually the equivalent of one-month's salary of its representative on the committee; and

- Additional funding provided for “one-off” projects or special needs (as might be the case for projects sponsored by the World Bank or the ADB).

4.4.2 Development and application of the enterprise cluster concept in selected developing countries

The latest initiative being taken by UNCTAD in the field of trade and transport facilitation involves the development and application of the “Enterprise Cluster Concept” in a total of three landlocked and three transit developing countries throughout the world: Bolivia, Botswana, and Lao PDR (landlocked), and Chile, Namibia, and Thailand (transit). The vehicle for this initiative is a project entitled “Capacity building in trade and transport facilitation for land-locked and transit developing countries”, to be executed by UNCTAD with partner regional commissions over a period of three years, from 2004 to 2006.⁴²

For the purpose of this project, clusters have been defined as cooperative groupings of “interested parties”, consisting of public and private sector entities which are involved in the trade distribution chain in selected transit trade corridors of the participating countries. Clusters will therefore gather together private and public sector participants from shipping lines, shipping agencies, Customs brokers, freight forwarders, traders and shippers, Customs administrations, government sanitary and phytosanitary inspection agencies, and other relevant government regulatory agencies. The core function of clusters will be to establish the requirements for efficient trade and transport operation in designated corridors, including identifying major obstacles and possible improvements. For this purpose, local clusters will be formed at the seaport end, in the border crossing area and at the main inland trade origins and destinations.

Clusters are also envisaged to have the function of sharing knowledge among their members and of exchanging information and solutions with associated networked clusters in other locations along the corridor. Clusters will focus on problems and solutions related both to day-to-day operations and to medium to long term policy issues. They are expected to promote partnership agreements which will commit all participants in the supply chain.

The activities of the project concentrate on selected trade and transport corridors linking trade origins and destinations in land-locked countries with seaports in transit coastal countries. Within these corridors, a supply chain management methodology is used to identify significant causes of excessive cost and operational delay and, accordingly, to develop actions and strategies for cost and delay reduction.

⁴² UNCTAD, *Development Account 4th Tranche Project M: Capacity Building in Trade and Transport Facilitation for Landlocked and Transit Developing Countries*.

4.5 International development banks

Within the UNESCAP region, both the World Bank and the ADB are actively involved in programmes of assistance to developing countries in the fields of regional economic cooperation, and trade and transport facilitation.

The World Bank is providing financial assistance for the operation of public/private "Pro" committees in the countries of the South Caucasus, and for implementation of trade and transport facilitation projects (including the establishment of national facilitation committees) in Nepal and Pakistan. In addition, the World Bank has recently launched the Inner Mongolia Transport and Trade Facilitation Project in China, which has the objective of promoting and sustaining China's cross-border trade with Mongolia and the Russian Federation, by improving transport infrastructure and logistics.⁴⁶

The ADB's activities in the fields of trade and transport facilitation have recently been focused in three subregions: GMS, South Asia and Central Asia.

In the GMS, the ADB has sponsored through a technical assistance project the formulation of the GMS Cross-border Transport Agreement, which is partly in operation in 2007. As required by the Agreement, the six GMS countries have established NTFC's for implementation of the Agreement and a Joint Committee at subregional level.

In South Asia, through a regional technical assistance project for countries participating in the South Asia Economic Cooperation Initiative, Bangladesh, Bhutan, India and Nepal, the ADB has enabled the identification of trade and transport barriers, and of actions needed to remove these barriers. In South Asia, also, the ADB is executing a cross-border trade and transport facilitation project in Afghanistan and, in cooperation with the SAARC⁴⁷ secretariat, is formulating a project on transport connectivity among the SAARC member countries, which will also identify measures to resolve impediments to increased trade and economic cooperation among these countries.

In Central Asia, the ADB's activities since 1997 have been concentrated on execution of the Central Asia Regional Economic Cooperation (CAREC) Programme, which aims to encourage increased economic cooperation among the countries of Central Asia. This it is doing through investment in infrastructure development and improvement of the policy environment, especially in the priority area of transport, energy, trade policy and trade facilitation. In 2003, the programme was expanded to include partnerships with other international development agencies, including the European Bank for Reconstruction and Development (EBRD), the International Monetary Fund (IMF), the Islamic Development Bank (IDB), the UNDP and the World Bank.⁴⁸

⁴⁶ World Bank Project Information Document Project PO68752, *Inner Mongolia Transport and Trade Facilitation*, 14 September 2004.

⁴⁷ South Asian Association for Regional Cooperation.

⁴⁸ ADB website, www.adb.org.

5. JUSTIFICATION AND OPTIONS FOR NATIONAL MECHANISMS TO COORDINATE TRADE AND TRANSPORT FACILITATION

The rapid growth of the international trade of the countries in the UNESCAP region over the past decade is in part explained by the impact of two phenomena: the worldwide trend towards liberalization of the conditions for international trade and the increasing globalization of manufacturing and service industries.

These phenomena have placed the export competitiveness of the region's countries under considerable pressure and have strengthened the need for these countries to adopt trade policy and management measures which will make them more competitive in world markets.

The strong export performance of the Asian countries greatly benefited from low labour costs in the past. However, with economic development, labour cost are on increase in most developing countries of the region. Reduction of trade transaction costs and transport costs are obvious solutions for countries to maintain their market competitiveness. Trade and transport facilitation has thus become an important means by which countries in the region can further increase their international trade.

5.1 Why are better coordination mechanisms needed?

Among the measures needed to improve trade competitiveness in the region are those which remove physical and non-physical barriers to trade and transport, including development of transport infrastructure and the simplification and harmonization of documentation and procedures. Not all of these remedies will be available through the simple modification of documentation and procedures. Some will also require adjustment of trade and transport policies, legal documents and administrative structure.

The UNESCAP region contains several landlocked countries which require access to the sea through neighbouring countries. For these countries, removal of trade and transport barriers assumes a special importance, as many are handicapped by having to move their cargo across several borders and as a consequence face logistics costs which can threaten the competitiveness of their goods in foreign markets.

Undoubtedly, many of the region's countries have in recent years made some progress in the removal of barriers which impair their trade growth and competitiveness (including the removal of barriers to efficient and effective transport). However, the fact remains that in the case of most sub-regions, the growth of intra-regional trade continues to be constrained by the presence of mostly institutional barriers to cross-border trade and transport.

International trade and transport involve many government agencies and private sector. Collaboration and coordination of the agencies and public/private sectors are essential for removal of the barriers to international trade and transport.

Very few countries of the region have in place adequate coordination mechanisms and most would stand to benefit from an improvement of the mechanisms which are currently in place. Some facilitation committees face various difficulties in operations.

5.2 What role and form should coordination mechanisms take?

As observed in the preceding chapters, the coordination mechanisms already established within the region vary widely in terms of their role and form.

With support from the UNECE and the World Bank, all three of the South Caucasian countries have established facilitation committees, with balanced public/private sector membership (known as *Pro committees*), and with a charter to address the range of issues related both to trade and to transport facilitation. Thus, for example, these committees address both problems at the level of national trade and transport policy and at the level of border crossing procedures.

The countries of Central Asia appear to have established separate committees, or designated separate administrative bodies, to deal independently with trade facilitation and with transport facilitation issues. Additionally, the memberships of these coordination bodies appear to include very few, if any, representatives from private sector transport or trade service organizations.

In the case of the countries of South Asia, Bhutan does not have committees to coordinate policies and actions for trade and transport facilitation. Instead, the Ministry of Information and Communications has this role. However, both Nepal and Pakistan have established committees which address both trade and transport facilitation issues and have at least some private sector representation. India has inter-agency coordination when such coordination is necessary in consultation of inter-sectoral issues.

The GMS countries have established either NTTCC's as required by the ASEAN Transit Transport Agreement or NTFC's as required by the GMS Cross-border Transport Agreement. The two types of facilitation bodies coordinate the implementation of the two agreements. They are mainly participated by government agencies. Joint bodies of the national facilitation bodies coordinate at subregional level.

In the case of the East Asia, a committee recently established in China deals exclusively with transport facilitation issues. In Mongolia there were two committees in the past. One was established by Government and deals with transit facilitation. The second one, which was established by private sector, but comprising representatives of both public and private sector, targets trade facilitation as well as logistics issues. The Government re-aligned the committees to a joint trade and transport facilitation body in December 2006.

The question then arises as to what role should apply to the coordination mechanisms of the region's countries in future. Should trade and transport facilitation issues be dealt with jointly by one body or independently by two bodies? Further, what form should the facilitation body take – a formal public-private committee or an established government agency with responsibility for trade and/or transport facilitation?

There are two possible roles for national bodies in promoting efficient international trade and/or transport: *regulatory* and *advisory*. The regulatory role should be taken by an appropriate government agency or agencies. The advisory role should be exercised through public-private cooperation. The two roles may be combined in one body or separated in two bodies.

Most regional countries are gradually opening their land borders and roads for international transport. Traditionally international road transport was arranged through transport authorities of relevant countries and confined to transport arrangements only. More recently, other government agencies, such as those concerned with Customs, quarantine, transport management, traffic control, immigration, and product quality control, etc. have become increasingly involved in the regulation of cross border transport. Thus, inter-agency coordination mechanisms have been established at national level to consult and agree on regulatory arrangements for cross-border transport.

Some countries in the region have encountered a lack of harmonization between the border crossing formalities and procedures applied by their own authorities and by those of the neighbouring countries. Thus, they have initiated the streamlining and harmonization of the formalities and procedures at national level and at border checkpoints, through inter-agency coordination and cooperation.

Various cross-border and transit transport agreements, such as the ASEAN Transit Transport Agreement, Economic Cooperation Organization Transit Transport Framework Agreement, and GMS Cross-border Transport Agreement, also require the establishment in the signatory countries of inter-agency coordination bodies to implement the agreements. The role of such a coordination mechanism is to work as a government office to coordinate various national agencies for implementation of the agreements and cooperate with other signatory countries. Some governments also authorize such bodies to coordinate other transport facilitation issues.

While there are many issues related respectively to either trade facilitation or transport facilitation, there are also some common issues, which straddle the boundary between the two facilitation areas. The above-mentioned coordination mechanisms, under the names of national transport facilitation committees or national transit transport coordinating boards, have covered nearly all the transport facilitation issues. As the common issues for both trade and transport facilitation have effects on transport, they have also been covered by the transport facilitation bodies in the ASEAN countries (in particular GMS countries), North-East Asian countries and some Central Asian countries.

These coordination mechanisms are regulatory bodies, which deal with: the formulation, implementation, monitoring and amendment of agreements on international transport, incorporating all formalities and procedures, streamlining and harmonization of documentation and procedures, and issuance of various permits or certificates related to border crossing transport. These bodies with strong governmental and sectoral features cannot be beneficially replaced with a joint mechanism of trade and transport sectors.

The issues that are not addressed by the transport facilitation committee in those countries are issues relating to trade facilitation, as depicted in Figure 1.1, such as overall trade policy, import/export permits and certificates related to import/export. Such countries can establish inter-agency coordination mechanisms to address the issues of trade facilitation. Two coordination bodies for trade facilitation and transport facilitation may maintain mutual membership and regular information exchange.

Most existing inter-agency coordination mechanisms have no supporting advisory bodies to collect opinions and ideas from the users. Representatives of shippers, traders, clearing agents, freight forwarders, trucking companies, bus operators, banks and insurance companies have not been included in the process of establishment or harmonization of regulatory frameworks for international trade and

transport. In view of the regional and international experience, an effective way to address this issue is to establish a joint national trade and transport facilitation advisory committee as an advisory body. It would be highly desirable for such advisory committees to include representation from both the public and private sectors. Their essential role would be to provide information, suggestions and recommendations to the government agencies for improvement of border crossing facilities, formalities and procedures.

Finally, it is as important that coordination bodies deal with border crossing issues (if necessary, in respect of individual border checkpoints) as they deal with the broader policy issues related to trade and transport facilitation. The effectiveness of the work of these bodies must be judged in terms of their ability to contribute positively to the achievement of uninterrupted smooth flow of goods and transport across national borders. Both the policies which are in place at the national level and the manner in which these policies are given effect through the application of border crossing procedures at individual checkpoints will have an impact on this result. Therefore, not only will it be essential that the role of coordination bodies be extended to monitoring the flow of cargo and transport through individual border checkpoints, but the effectiveness of these bodies should be measured against targets for the average dwell time for cargo and transport at these checkpoints.

5.3 Accountability, direction and membership of coordination bodies

The dominant role of the government in formulating trade and transport policy, in concluding bilateral and multilateral trade and transport agreements and in regulating the flows of trade and transport across national borders is a fundamental characteristic of the trading environment in nearly every country of the region. This is as true for vibrant free market economies, such as that of Thailand, as it is for economies in transition from central planning to free market direction, such as those of Central Asia.

There needs to be a recognition in the structuring of coordination bodies that the government will continue to exercise a dominant role in the facilitation of international trade and transport throughout the region. Thus these bodies will need to be accountable for their functions and work programmes to officials at high levels of government, be they ministers of transport, trade, commerce and industry, or finance. It is also important that the leadership and direction of coordination bodies be assigned to senior government officials who have sufficient authority to follow through the implementation of the facilitation initiatives proposed by their coordination bodies. Typically, these officials would be at the level of Minister, Vice-Minister, Permanent Secretary or Secretary, as is currently the case with most of the coordination mechanisms in place throughout the region.

Notwithstanding the need for the coordination of trade and transport facilitation to remain under the overall direction of governments, there is still a need for the private sector to accept joint ownership of facilitation processes, as well as to have greater representation and the possibility of more active participation in coordination bodies.

While the UNESCAP region has only had relatively recent experience with the coordination of trade and/or transport facilitation, there is already evidence to suggest that those countries which have encouraged strong representation of the private sector in their coordination bodies have achieved considerable success in pushing through initiatives to eliminate trade barriers and streamline border-crossing

procedures. Examples are to be found in the activities of the Pro committees of the South Caucasus. Thus a feature of the organizational model for future coordination mechanisms in the region should be a membership in which there is at least equal representation of the trade and transport related agencies of government, on the one hand, and the trade and transport service organizations of the private sector on the other. In addition, this model should allow for the private sector to contribute to the leadership of coordination bodies, by filling the position of vice chairperson. Again, this is an approach which has already been adopted with some success in several countries of the region.

5.4 Functions and activities of coordination bodies

The functions and activities of trade and transport facilitation coordination bodies should essentially be as outlined below:

- Continuously monitoring and assessing the quantity flows of trade and transport across national borders;
- Continuously monitoring and assessing the operational performance of all border control authorities against realistic and harmonized standards;
- Identifying, proposing and coordinating the formulation and implementation of trade and/or transit policies and the bilateral or multilateral agreements through which these policies are enforced;
- Identifying, proposing and following through changes to border control procedures needed to improve trade performance and reduce supply chain costs;
- Coordinating the processes required for accession to international conventions related to trade and transport facilitation;
- Proposing and coordinating adjustments of domestic policies and legislation for implementation of international treaties; and
- Holding themselves accountable for the implementation of (and accept ownership of) measures to improve the efficiency of international trade and transport.

Main difference from present practices being a greater focus on the setting of standards for the application of border crossing controls and the importance for success of the committee monitoring of cross-border trade and transport flows and operational performance against these standards. In addition, as earlier indicated, there has to be a preparedness by the members of coordination bodies to measure their own effectiveness in terms of contributing to increased cross-border flows of trade and to a reduction in supply chain costs.

5.5 Financing sources

Access to stable sources of funds is of crucial importance for the sustainable development of trade and transport facilitation bodies.

Many regional countries funded trade and transport facilitation bodies from the state budget. The budget usually supported staff and offices of the facilitation bodies, and some activities. In some cases, governments did not provide additional budget for

staff and offices of the facilitation bodies but expanded functions of relevant government agencies to facilitation and included some activities into the state budget allocated to the authorized agencies. Although such facilitation bodies received only limited financial support, many of them have achieved substantive progress in facilitation. However, they were not able to fully implement facilitation measures due to financial constraints.

Some countries established national trade and transport facilitation committees with financial support from international institutions. Those committees contributed to the implementation of programmes or projects of international institutions in their countries. They faced difficulties in operation after completion of international assistance programmes or projects when no alternative support was provided.

Contribution of the business sector to operation of facilitation bodies was another approach to financing facilitation bodies. In some cases, funds were generated from export trade promotion levies or from the issue of transport permits. In other cases, the business sector initiated and led facilitation bodies. On the whole, this approach has not met with great success throughout the region.

In view of difficulties and constraints of different financing approaches, it would be desirable to combine all possible funding approaches to finance the operations and activities of each of facilitation bodies. The governments may support staffing and office of facilitation bodies with either the use of existing staff and office or addition of staff. The governments may also include some facilitation activities into their overall official workplans if the facilitation activities are of the nature of governments' business. Support from the business sector may be on voluntary basis. They may donate some office equipment and facilities to the facilitation bodies. They may host some seminars, workshops or training courses from which they can enjoy direct benefits. They may also work together with facilitation bodies to undertake studies or investigations on some facilitation issues. International organizations and financial institutions may support facilitation bodies with financing initial establishment and operations, and then implementing international, regional, subregional and national facilitation activities through facilitation bodies. Regional and Subregional agreements relating to facilitation may be formulated or implemented through one facilitation body in each country.

6. RECOMMENDATIONS

This chapter presents the recommendations drawn from the study on the establishment or enhancement of national, sub-regional and regional mechanisms, which will have the capacity to review, assess, propose and implement actions for the facilitation of trade and transport throughout the UNESCAP region.

In this context, facilitation implies the removal of barriers to international trade and transport, whether physical, financial or institutional in nature.

The recommendations elaborated in this chapter have been formulated to ensure effective coordination between the different interest groups/stakeholders. The facilitation mechanisms are thus a means to an end and can take a variety of forms. The recommendations thus take into account the facilitation mechanisms that guidance to countries that have no institutional mechanism in place at present, as well as to countries that already have mechanism in place so that they can be strengthened or modified as appropriate.

The recommendations are designed to put in place effective coordination mechanisms which will fully involve all of the entities participating in international trade and transport, whether from the public or private sector.

Accordingly it is recommended that the member countries of the UNESCAP region, if they have not already done so, give consideration to the establishment of or strengthening national trade/transport coordination mechanisms with the characteristics adapted from the following in accordance with their national conditions.

Recommendation 1: Purpose

It is recommended that the national facilitation coordination mechanisms cooperate, coordinate, propose and implement arrangements for improvement of the effectiveness and efficiency of international trade and transport.

Comment: The main purpose of this mechanism emphasizes the importance of cooperation, coordination, proposal and implementation of facilitation measures for effective and efficient international trade and transport to increase the national trading competitiveness. Some facilitation measures can be implemented directly by the facilitation bodies while some be proposed by the facilitation bodies for implementation by their member organizations.

Recommendation 2: Form and role

(i) Form

Recommendation 2.1:

It is recommended that national coordination mechanisms take the form of regulatory and advisory bodies, which are charged with the coordination and implementation of actions to facilitate efficient international trade and transport and propose facilitation measures to government.

Comment:

Many government agencies are involved in International trade and transport. Efficient trade and transport across national borders can only be realized through effective cooperation and coordination among all of the government agencies concerned. The cooperation and coordination must focus on two core essential areas: trade and transport. The form of the mechanisms needs to take into account the government decision making structure to facilitate implementation of facilitation measures. Such an appropriate form may be achieved by establishing one joint trade and transport facilitation body or two government inter-agency coordination bodies for trade and transport respectively.

Through the formation of advisory bodies an effective dialogue can be established among many and diverse parties involved in international trade and transport. These parties include government agencies responsible for policy making and regulation, the trading community, transport operators, and trade service providers. This form of public/private partnership will encourage the desired level of dialogue, and foster a spirit of ownership, among the interested parties.

(ii) Role

Recommendation 2.2:

Ideally, national coordination mechanisms should be established with a role to review, assess, propose and take action for the facilitation of international trade and transport.

Comment:

In order to effectively use scarce government resources in the landlocked and transit developing countries and to ensure the survival of these coordination mechanisms, the mechanism must have a substantive role in implementing facilitation measures. Under this recommendation, national coordination mechanisms would in fact be responsible for considering both the specific and joint issues associated with trade and transport facilitation. A degree of specialization can be provided in the organization of this mechanism by creating a joint trade and transport facilitation body or separate inter-agency trade/transport facilitation bodies or working groups to deal with the specific issues of trade and transport facilitation while overlapping issues can be dealt with through the mutual membership of inter-agency coordination bodies or the joint advisory bodies (see also Recommendation 3, relating to mechanism organization and structure).

Recommendation 3: *Organization, membership, direction/accountability, staffing and meeting frequency*

(i) Organization

Recommendation 3.1

It is recommended that the organizational structure of the national trade/transport facilitation coordination mechanism be adapted from the structures shown in Figures 6.1 or 6.2.

Comment:

Under Recommendation 3.1, two generic organizational structures are recommended for adaptation by countries according to national conditions, including in particular the political regime, institutional system, cultural background and existing mechanisms. The two recommended options provide a complete structure of national trade/transport facilitation coordination mechanisms. A particular country could select specific elements of the recommended structures in determining the form of the national mechanism.

Where some facilitation bodies exist in a country there could be a need to realign such bodies so that they are incorporated into the National Coordination Mechanism.

The specific name of a facilitation body in a country can be determined in accordance with its national practice and government's requirements. Some names, such as National Facilitation Board, Council, Commission or Committee, are popularly used in many parts of the world. Nevertheless, the names should reflect the regulatory and advisory capacity of the bodies.

If Option 1 is adopted, the joint trade and transport facilitation body may take a more advisory and coordination role. It can take the form of a public and private partnership. The body can be supported by two sub-bodies dealing exclusively with issues in trade and transport respectively.

If Option 2 is adopted, the inter-agency facilitation bodies would be substantive government organizations for coordination and cooperation among various government organizations involved in the management of international trade and transport. The two bodies would take a more regulatory role. They can be supported by an advisory body with broad participation of all public and private stakeholders involved in international trade and transport.

Figure 6.1: Recommended organizational structure (Option 1)

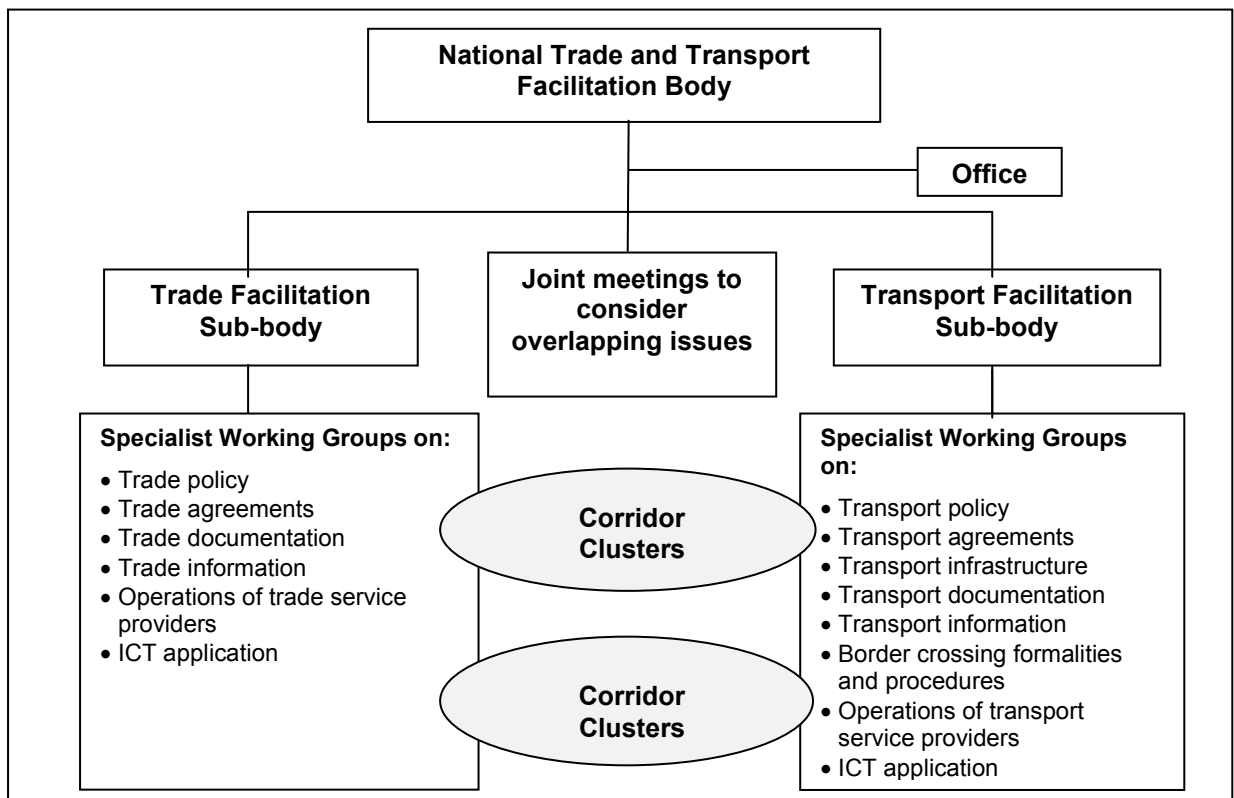
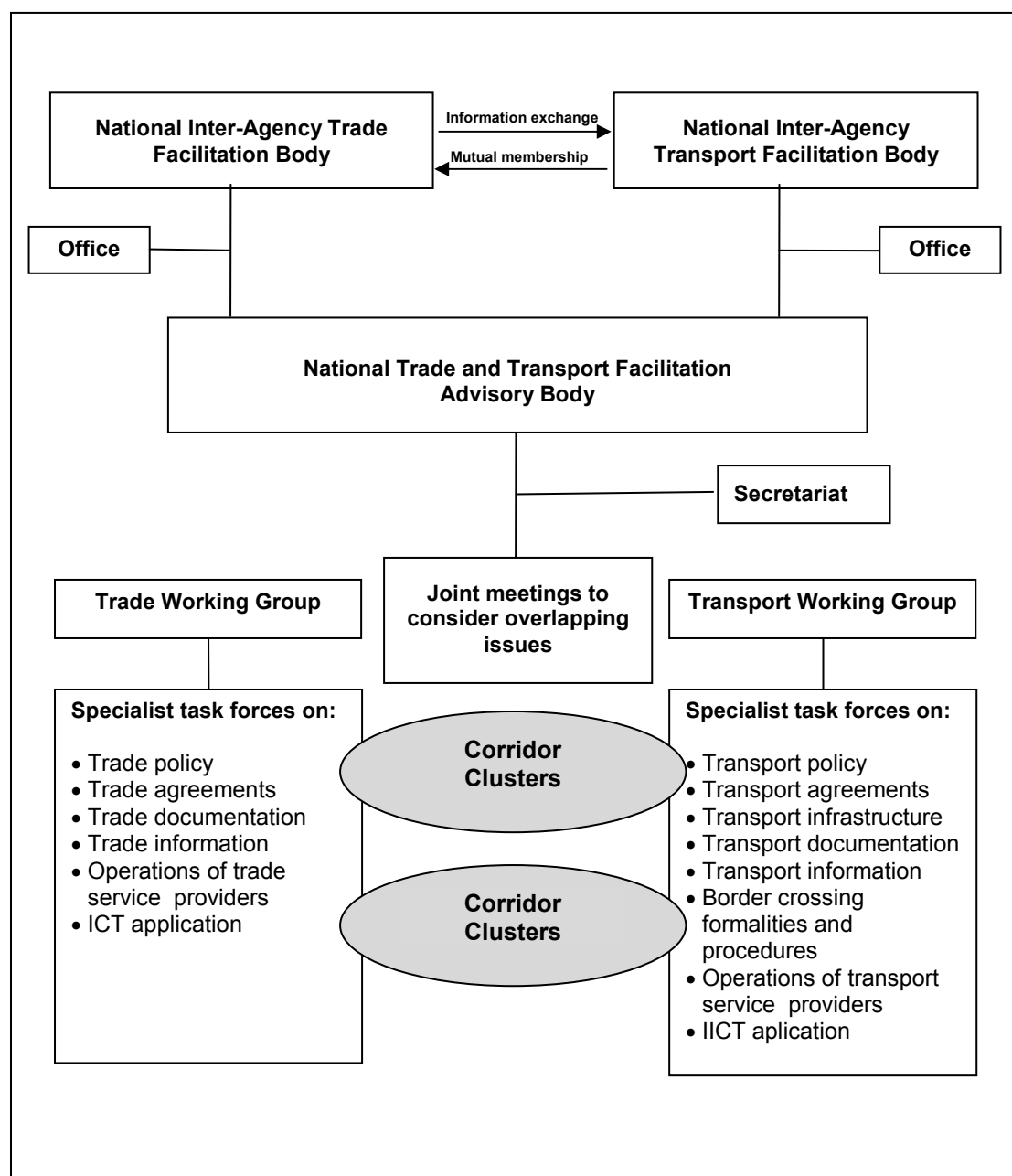


Figure 6.2: Recommended organizational structure (Option 2)



The main advantage of Option 1 is that it can easily join the efforts of trade and transport sectors and avoid possible duplication or conflict in taking facilitation measures. The main advantages of Option 2 are to easily take substantive responsibilities and take concrete facilitation actions.

The offices of national facilitation bodies can be set up within the ministries which chair the bodies. The secretariat of the national trade and transport facilitation advisory body can be established in a separate office, functioning independently of those of the government agencies.

The recommended organizational structures are based on the existing priority tasks for trade and transport facilitation in the UNESCAP region, the operations of

government agencies in most regional member countries, and the experience of existing facilitation bodies in countries. It stresses the cooperation and coordination among relevant government agencies in two focus areas, which have many specific issues as shown in Figure 1.1. Meanwhile, it also stresses the cooperation between trade and transport. This recommendation is intended to increase ownership and motivation of main government agencies for effective and efficient actions towards trade and transport facilitation.

This recommendation also recognizes the requirements of establishment of national trade/transport facilitation mechanisms under the frameworks of subregional agreements. Finally, it recognizes the mechanisms set up in some countries with assistance of international organizations and financing institutions. Therefore, the recommended structures are designed to encourage all international, regional and subregional organizations to cooperate in the promotion of trade and transport facilitation coordination mechanisms.

(ii) Membership Composition

Recommendation 3.2

It is recommended that the membership of the coordination mechanism comprise representatives of all organizations involved in international trade and transport. These organizations could include (but not necessarily be restricted to):

- ***Trade regulatory authority (most often, ministry of commerce or trade);***
- ***Transport regulatory authority (most often, ministries of transport);***
- ***Other government regulatory or planning authorities (e.g. ministry of finance, ministry of planning, ministry of interior, ministry of defence, ministry of agriculture, ministry of health, ministry of industry, ministry for ICT, customs authority, immigration authority, border guards, traffic police, transport management authority, authorities for quarantine/product quality control, central bank);***
- ***Business sector (chamber of commerce, transport association, trading banks, association of insurance companies, association of Customs agents, association of freight forwarders).***

Comment:

It is important to include all major government agencies and selected representatives of business sector in the facilitation coordination mechanism. Exclusion of certain parties with crucial authority in some elements of trade/transport facilitation and a high level of specialized expertise would constrain the ability of the mechanisms to find, propose and implement effective solutions to all major border crossing problems. On the other hand, an oversized body may not easily make a decision.

The number typically comprising facilitation bodies already functioning in the UNESCAP region (is 20-30 members), and would certainly create problems for the efficient working of the body. Nevertheless, it is one of the key recommendations of this study that the functions of national facilitation body be expanded to include the monitoring of the operational performance of government regulatory agencies and trade and transport service providers at individual border crossings. It is suggested

that the additional workload which would be imposed by this requirement could be accommodated by assigning extra staff from member organizations to assist the activities of the task forces in each sector.

Every effort should be made to tap the expertise available in the stake holder development clusters proposed by UNCTAD and ESCAP (piloted successfully on the Vientiane/Bangkok transport corridor) for the membership of facilitation committees or their associated task forces. A great deal of specialized knowledge on trade and transport flows and operations in individual transit corridors is available within the cluster bodies and this could prove to be of substantial value to the work of committees.

Facilitation bodies should be owned by all the member organizations, institutions and agencies. The joint ownership of facilitation bodies needs to be embodied in all rules of the bodies and in the selection of members.

(iii) Direction and accountability

Recommendation 3.3

It is recommended that national coordination mechanism be made accountable to officials at the high level of national government, be they Deputy Prime Minister or Minister. The mechanism would ideally be chaired by a Deputy Minister, Permanent Secretary, Secretary or other appropriate senior official of trade/commerce or transport.

Comment

Direction and commitment at the highest level of government is essential to ensure effective coordination and cooperation between the different agencies and to convert proposals and recommendations into actions. The facilitation bodies also need support at the operational/working level. Considering the fact that officials at a ministerial level may not have adequate time to devote to facilitation bodies, alternative chairs of senior Government officials could conduct the regular meetings of the facilitation bodies with clear channel of communication and accountability to the ministerial level.

Chair of facilitation bodies can be elected among the members to reflect the joint ownership. However, it is a common practice of the existing facilitation mechanisms to elect appropriate senior officials from the ministries for trade/commerce, transport or Customs as chair. If the facilitation body is a joint organization of trade and transport, rotation of chairmanship between trade/commerce and transport is also commonly practiced. In case of joint trade and transport facilitation body with sub-bodies, ideally vice chairs of the joint facilitation body can chair the sub-bodies.

(iv) Staffing

Recommendation 3.4

Each body should staff its offices and secretariat with persons recruited through a competitive recruitment process and with experience in the fields of trade/transport regulation, exporting or importing, transport operation, or trade service provision. Alternatively, existing staff in the office of the chairing organization of the body can provide services to the body.

Comment:

The offices and secretariat of the facilitation bodies would be responsible for managing the work and meeting programmes of the inter-agency bodies, advisory body, working groups and task forces. The offices and secretariat could be managed by an executive secretary who would be supported by a number of technical and general service staff, the number of these staff being determined by the scale of the work programme and the level of available funding support.

- (v) Meeting frequency

Recommendation 3.5

It is recommended that the joint facilitation body or inter-agency bodies and advisory body meet quarterly. Additional special meetings should be convened if necessary. The working groups may meet monthly. The task forces meet on an “as required” basis determined by the specific requests of their working groups.

Recommendation 4: **Functions**

The main functions of national trade/transport facilitation coordination mechanisms should include, but not necessarily be limited to, the following:

- (a) To continuously monitor and assess the quantity flows of trade and transport across national borders;***
- (b) To identify bottlenecks in the entire process of international trade and transport (using the UNESCAP Trade Facilitation Framework and Time/Cost-Distance Model, as appropriate)***
- (c) To review and assess the adequacy of international trade and transport-related infrastructure (including seaports, airports, roads, railways, river ports and inland cargo storage facilities), and propose investment projects, as necessary;***
- (d) To study and propose measures for improving the operational performance of international trade and transport;***
- (e) To coordinate to establish harmonized documentation and procedures for international trade and transport;***
- (f) To identify, propose and follow through changes to border control procedures and documentation needed to improve trade/transport efficiency and reduce costs;***
- (g) To coordinate and cooperate for implementation of Single Window clearances and Single Stop inspections at border crossings;***
- (h) To promote the application of information and communication technology to documentation and procedures in the management of international trade and transport operations;***
- (i) To coordinate the national positions in negotiation of agreements on international trade and transport with multi-sectoral nature;***

- (j) To identify, propose and follow through changes in trade and/or transport policies and in the bilateral or multilateral agreements through which these policies are enforced, when such changes are required to improve trade/transport performance;**
- (k) To coordinate the implementation of agreements on international trade and transport with multi-sectoral nature;**
- (l) To review the international conventions relating to trade and transport facilitation and provide advice to national government on accession to the conventions;**
- (m) To monitor and coordinate the implementation of the acceded international conventions relating to trade and transport facilitation;**
- (n) To monitor the dissemination of information to the trading and transport communities on changes or revisions to border control procedures and documentation;**
- (o) To organize workshops and seminars on facilitation of international trade and transport; and**
- (p) To serve as national focal points for international facilitation programmes and assistance.**

Comment:

The main functions of the national trade and transport facilitation coordination mechanisms should focus on measures to improve the operational performance in the process of international trade and transport. While facilitation coordination mechanisms will also have an obligation to ensure that the right policies and agreements are in place in order to encourage increased international trade, the level of trade through individual border checkpoints will depend to a large extent on the operational performance at these checkpoints of all of the partners in the trading process.

The recommended functions take into account the existing institutional arrangements on various controls in the countries and their capacity to deal with issues within the scope of their work. Meanwhile, they also take into consideration the substantive activities required to deal with many cross-cutting issues in facilitation of international trade and transport, which can be addressed through inter-agency cooperation and coordination. Effective and efficient solutions to the cross-cutting issues can be an important area for the facilitation mechanisms to succeed.

If national facilitation coordination mechanisms function effectively, it will become clear that they will have more than sufficient activities to fill their work programmes for many years into the future. For example, it has been the recent experience of the National Transport Committee of the Lao PDR that it has been called upon to provide advice to the Government on accession to some 11 international conventions relating to international transport. Provision of this advice has included the translation of all conventions into the Lao language and the interpretation of the articles of these conventions, requiring a commitment extending over several years. As national committees are established and begin to demonstrate expertise in areas such as the drafting and interpretation of border regulations and bilateral trade and transport agreements, and the provision of advice on accession to international treaties and conventions, it is likely that their services will be much in demand by their governments.

Recommendation 5: *Work programme*

It is recommended that each facilitation body have a detailed annual work programme setting out the objectives, expected outputs and schedule of its major activities.

Comment:

The effectiveness of the facilitation bodies in removing the obstacles to international trade and transport will be reflected in the improvement of border-crossing performance and the reduction of trade transaction costs. Each body should be prepared to review critically its own performance in relation to the implementation of initiatives recommended as part of its work programme. Wherever possible, specific performance standards should be established for each of the member organizations and actual performance measured against these standards.

Recommendation 6: *Financing sources*

It is recommended that the public and private sector resources be mobilized to finance the operations and activities of the national coordination mechanisms.

It is further recommended that international assistance be sought to finance initial operation and some subsequent activities of the national coordination mechanisms.

Comment:

Access to secure sources of funding will be necessary in order to guarantee the sustainability of the facilitation coordination mechanism and its work programmes. It is clear that the most often used sources for the funding of facilitation bodies are government regular budgets and direct contributions from private sector members. If such funding sources are not of themselves sufficient to permit the long term survival of these bodies, it will be necessary to tap new sources of funding, such as international assistance.

Recommendation 7: *Coordination with other national trade and transport facilitation coordination mechanisms of the region/sub-region or along specific transport corridors*

Recommendation 7.1

In order to ensure the smooth movement of goods and people and the harmonization and standardization of border crossing documentation and procedures between the countries, it is recommended that national bodies establish permanent links and a schedule of meetings with their counterpart bodies in other countries, within the subregion or along specific transport corridors.

Recommendation 7.2

Where sub-regional facilitation mechanisms are in place, it is recommended that these mechanisms be used as forums for the exchange of information and experience in relation to trade and transport facilitation, and also as a means of achieving the harmonization of documentation and procedures.

Recommendation 7.3

It is recommended that a regional forum on trade and transport facilitation be established to provide an opportunity for the national facilitation bodies to meet and exchange information and experience and exploration of opportunity of international assistance. The forum may meet every two years. These meetings will involve the participation of all national trade/transport facilitation bodies from the region, all international, regional and subregional organizations and international financial institutions as well as selected countries outside the region with expertise in the field of trade and transport facilitation.

Recommendations 8: *Strengthening of national trade and transport coordination mechanisms*

It is recommended that the member countries prepare national action plans to enhance the existing national trade and transport coordination mechanisms in accordance with the recommendations of the study.